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CUBA: An American Thaw

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As sheep cloning and other wonders of biotechnology pave the way for a brave new world, Jeremy Rifkin explores the promise—and potential dangers—of genetic engineering



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**A love story's
sad ending**

Successful businesswoman mother and wife of ex-politician Paul, Linda McCartney died last week from cancer



From The Editor

The nuclear waste muddle



Near the town of Dounreay, on the northeast Atlantic coast of Scotland's North East Highlands, lies the Dounreay Nuclear Power Station. It is a single reactor plant, built in a period of intense political debate over the safety of nuclear power. The New Towns discussion, last week, that Brenda Pringle Minister, Tony Blair had been agreed should be the Dounreay deposit, there was a rapidly update. The issue was not so much that Blair was heading to America to pressure to take the lead drawn a plan in the former Soviet Union, but that he had not said the details of Scotland's Dounreay

Dealing with nuclear waste is a delicate matter. In Canada, a federal panel spent eight years modifying a plan by Atomic Energy of Canada Ltd. to bury its waste in the Canadian Shield, to a shaft as deep as Toronto's CN Tower. Last March, it finally recommended further study—*not* for reasons of safety, but because the people of Canada do not support the entire plan. About 1.3 million radioactive barrels of used fuel, each the size of a large firelog, are at Canada's 22 reactors (see map in New Brunswick and Quebec, the rest in Ontario).

The current symbol of concern about nuclear power is Chernobyl—and interest is growing. Almost 12 years after the fatal explosion at Kiev that killed 3,000 people, scientists are working to contain tons of still-lethal waste. The problem is that the 80-ton steel and concrete tank that authorities built around the plant is crumbling, raising the specter that radioactive material could escape into the water table or the air. Two last week, Ukrainian medical records show, radiation-related diseases had increased at

most fuel rod since the Mast. This summer, a \$4-million U.S.-backed robot called Blaster will be placed inside the deadly atmosphere of No. 4 reactor at Chernobyl in hopes that scientists can discover ways of shutting up the plant. Canada and other Group of Seven industrial nations have agreed to spend \$50 million in that effort.

Risks accrued when a U.S. military plane spirited fuel material to Sarajevo—after France and Russia refused to store it. One especially happy participant was Georgia's President Eduard Shevardnadze, whose territory has now become a radioactive wasteland—and a model for other former Soviet republics, if they can only take it right.

—Canada will need face up to the dilemma of long-term disposal of nuclear waste. The federal panel headed by Bjarne Sorenson concluded that while AECL had demonstrated that deep-rock storage was technically safe, "From a social perspective, it has not." The Bulletin of the Canadian Nuclear

Society described that conclusion as "an absurd notion" and said that Canada should stick to facts, not emotion. "The effect on human and environmental health, now and into the future," said the Baffins, "is a matter of scientific determination." What that assertion overlooks, of course, is that many people feel about nuclear waste is just as important as where authorities decide to stash it.

Robert Lewis

Newsroom Notes:

Horn feeding

last week, the National Magazine Awards Foundation announced a bundle of nominations for its annual awards in 30 categories from still-life photography to reporting. *McSweeney's* was honored with 11 nominations, the most the magazine has ever received. Among the people and articles recognized: Assistant Managing Editor Ann Donnell Johnson and her team for the annual ranking of universities, and a survey



Wolfgang Lütke, Dennis Wissow-Schuh,
Dewarit! Jahnstrasse, exzellence

of *Investor's* and Assistant Managing Editor Ross Lever and colleagues ('The best and most natural funds'). The other nominees were Anthony Wiesen-Smith (a Lucan-based producer), Executive Editor Bob Lewin (London writing), Senior Writer Sharron Drechsler ('Editing right'), Ottawa Editor Bruce Wallace (Political Newsring), contributor for Sandra Gwyn (Newfoundland), The Maclean's Business Columnist Peter C. Neufeld and former senior writer Paul Kuhn (a

cocktail murder mystery case). Earlier, independent industry agencies coordinated positions to the magazine bureaus—number 15 with a weekly readership of two million.

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After divorce, the legal system is designed for fighting.

Children of divorce

I'm a 15-year-old girl whose parents broke up when I was 5. Your articles make it easier to realize that I'm not the only one dealing with such a complicated issue. ("After divorce," *Caveat*, April 20). Even though I was so young, I can still tell you every detail about the day my father left. Everything, down to the color of his sunglasses and what we ate for dinner. I could tell you all the bad things that came to follow, but I'd rather say thank you. You not only discussed the bad side, you discussed the good things, too. Divorce is a very grown-up thing to have to deal with. And though it's hard, I realize now that if my parents were still together for my brother and me, they would be unmanageable and I wouldn't be who and where I am today.

*Jill Poole,
Brookville, Ont.*

The issue of divorce is a complex one which unfortunately has been made much worse by a legal system that is wholly inad-

LETTERS TO THE EDITOR

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equate to the task. The system is designed for fighting, which is exactly what society is trying to minimize. There is also little or no accountability of lawyers for misconduct that damages the divorcing parties and their children. Consequently, at odds of morally repugnant shenanigans are talented in what is often a game with the major goal being maximum holdings. The "best interests of children" is not backed by legislation based on well-researched standards, with the result that this phrase has often become a cloak used to hide and rationalize bizarre decisions.

*Peter Jones,
Kitchener*

We could blame lawyers and the adversarial nature of family law for the challenges children of divorce and their parents face, but that would be for too easy. The prevalence of high-conflict divorce and child-custody battles points not only to a failure of the justice system to resolve these issues in a child-focused manner, but also to our failure to provide an alternative to a broken and hateful system that is destroying countless families. Divorcing parents must be shown how to wage peace rather than war. We must send a clear message to divorcing parents: going to war over your kids' borders on child abuse and will not be tolerated. We have a moral obligation to shield our children from conflict, and if necessary, to protect them from their parents. They are worth that much.

*Sara B. Conroy,
Executive director, Divorced Parents Resource
Calgary*

Your article posed the question: do lawyers promote hostility? The answer is yes, I think. Several times yes. I was one of these women whose lawyers tried to manipulate me to screw my husband and hide behind shoddy case law. Luckily, I took the mandatory course on handling marital breakups, saw myself and felt not like the picture. I ask you, when does the mandatory workshop begin for family lawyers?

*C. J. Leibert,
Calgary*

Parents do not have rights, but minors' task-oriented responsibility. It is the child, or children in my case, who have the right to grow up unscathed by their parents con-

Military perks

I was a civilian employee at GFB Moose Jaw for four years. I believe that you are exaggerating the military's inferior wages. For fighting units, "Caver," April 13, in Moose Jaw, a family of four can comfortably live on \$38,000 per year, especially when a three-bedroom home can be purchased for under \$60,000. And interestingly enough, there was mention about the free medical and dental benefits our soldiers receive, free plane flights home for unmarried personnel, all-expense-paid relocations, and five weeks paid vacation per year for all members who have served two years or more. Am I missing something?

*Mark Langer,
Moose Jaw, B.C.*

forget for each other and to learn without an environmentally inflicted sense of inferiority. As the Senate committee travels across the country, it should consider referring to the UN Rights of the Child if there is any doubt as to who should be considered first.

*Kathy Ravelich,
Saskatoon*

The hardest part is that, even though I wanted to divorce my spouse, I did not want to divorce my parenting partner. Obviously, regardless of the court's decision, we all lose.

*Helen Koenig,
Saskatoon, Ont.*

I believe that I speak for a great majority of children of divorced parents who would emphatically support a division of their family unit if they were assured that their parents would be content as a result. While every child longs for security and warmth in their home, it would be a mistake to assume that children don't have the capacity to understand when enough is enough.

*Aggie Riedl,
Jaffrayton, Ont.*

I empathize with the 11-year-old who says he doesn't like to go from one [parent] to the other and back again. "I've got bad news for him: it doesn't get any better as you age. My parents divorced when I was about 9 (I'm 41), but I finally pulled the plug on the

CLARIFICATION

A chart in *Education Notes* in the April 27 issue should have shown that 50.1 per cent of university graduates in commerce and business administration in 1996 were women.



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THE MAIL...

The enjoyment of life is owning an ottoman because one must work 60 or more hours a week to maintain it. My definition of progress would include accessibility to recreational facilities such as beaches and cultural activities, a decrease in the number of businesses on our streets, less crime, living in harmony with others and with nature. It's a time to envision a new vision, something that transcends americana's self-interest and the concern that puts the emphasis on what people are rather than what they possess.

Patricia A. Scott
Firth, Ont.

NetChannel on-line

I was "Tuning into the Net," you stated that NetChannel wouldn't be available in Canada until July (Technology, March 23). I am writing now from my "tele-pal," NetChannel, net launched in Canada on Jan. 16 as a user and an independent distributor. It would be nice to see something to correct this misinformation. My credibility is at stake.

Keith Gallagher
Newfound, Ont.

Defining Canadians

Bill Campbell's comments in "The Road Ahead" (A welcome boost to paternalism), March 23, created in me the same sort of feelings as when our socialist policies define who we are. We may be deficit busters at work, but at home with our families it is our attitudes towards health care, education and the poor, at our own country and others, that will define the direction for the next generation of Canadians.

Barry Radcliffe
Calgary

Country's queen?

I was extremely disappointed in your March 23 cover story about Shania Twain ("Shania revealed"). You have maligned legions of long-time country fans by dubbing Twain "The queen of country." I guess you didn't realize that someone who has already been crowned the (incredible) Lowest to Lynn, I agree that Twain is a wonderful singer, a great songwriter and a proud Canadian, but she has not performed nearly enough times to deserve the title you are so quick to give her.

Shannon Beck,
Kitchener, Ont.

I am wondering how you could miss your near-perfect article on Shania Twain with the short and misleading comments of guitarist Steve Earle, who described Twain as "the world's highest-paid lip-dancer." People

like Earle make vicious comments about her because they are jealous. They represent what country was, she represents the great auto of what country is today.

Robert J. Stoll
St. Louis

Pampered pets

The hedonistic lifestyle of rich and/or famous cats and dogs should not have eddied space in Maclean's ("Chargeback cats, cancer causes," Opening Notes, March 30). This article is disgusting. The Section Place is based on my shortlist of favorite hotels.

Marion Stern
Montreal, Que.

Does Section Place Hotel realize how bad the diet is it proposes leading to animals in for them? Grilled T-bone steak, served 10 times topped with coatis? It's enough to make us lively pet owners' heart stand on end. We try to give our animals a balanced diet. I also noticed a couch in the background. Teaching upscale bar/balls while at vacation? Most of us don't allow our pets to sit in furniture.

Alvin Brotman
Toronto, Ont.

Government's role

Debbie McMurtry's March 23 column, "Striving for regulation," expresses confusion about government regulation and economic activity. The confusion disappears when the legitimate purpose of government is stated. Government is an agent of defence against actual predators of lives. Government needs to be limited to this purpose. If that definition of government is true, then government regulation of economic activities is invalid.

Glenda S. Green
Calgary

CPR training

I read with interest the article "Critical lessons for life" (Health, March 23). I agree CPR training is an essential part of any school curriculum and commended the ACT (the Advanced Cardiac Treatment) Foundation for its concerted efforts. However, I would like to point out that in Prince Edward Island, every Grade 9 student who is enrolled in a health already receives emergency first aid and CPR training from the Canadian Red Cross Society. The society also provides instructor training and re-certification to all health teachers who deliver the program.

Barry McGehee,
Peterborough teacher
Nelson College,
Charlottetown

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THE MAIL

Military paupers

A wife who spent 24 years of his life in the profession of arms both as a scientist and senior naval officer from 1967 to 1991. I find it difficult to accept that so much has changed in the few short years that have elapsed since I stepped out of uniform. Yes, we did indeed experience hardships brought on by the vagaries of family disruptions due to postings and operational requirements involving extended periods away from home, but that was our chosen profession. The whining and crying that seems to permeate the thoughts of some members and dependents identified in your article does not, in my view, represent that of the majority ("Fighting mad," Cover, April 10). I should add that we certainly didn't do it for the money. It was a way of life, and for those who didn't have the mental toughness to deal with the responsibilities associated with that lifestyle, they had the option of doing something else outside of the military.

Colin Gies F.B.I. King (Ret.)
Belleville, B.C.

As one of the few in the military lucky enough to have two wage earners in our house (my wife is also in the military), we

were not greatly affected. But when I go to work and see food drives for military families, it saddens me. Unfortunately, your article, like others, will fall on deaf ears. We are like any other bureaucracy—the rich keep getting richer, and, well, you know the rest.

Cpl. Steve Whiteman
Lower Sackville, N.S.

"Fighting mad" details information that should be of note. A Canadian army unit from Lahr, then-West Germany, was attached to our division, the U.S. Army's 1st Armored Division, for exercises in the 1980s. Having lived in Ukraine for many years, I was delighted to hear senior American leaders praise the conduct and professionalism of the Canadian troops. It was noted, however, that the Canadians often had outfitted equipment. Comments made would indicate that these circumstances are a revelation to many Canadians. Why do these conditions exist? Survey Parliament and ask how many MPs have ever served in the military or visited a military base. Add the debacle of the Senate inquiry, which diagnosed an entire regimen when a wise course would have been to punish the incompetent and deprived few. Finally, question what type of officer corps would accept a pay raise while its troops lived in squalor.

Col. Gies F.B.I. King (Ret.)
Belleville, B.C.

and the picture is clear. The sacrifices of Canadian military personnel should make them heroes in the eyes of other Canadians, since they have endured hardship, loneliness and, on occasion, terror to further peace in a turbulent and unpredictable world. Instead, they seem virtually invisible to other Canadians, which leads me to suggest that the poem/saying inscribed in Odawa be inscribed: "On an ingrateful and uncaring nation."

Christopher D. Salsbury,
Phoenix, Ariz.

A couple of years ago, it was decided the armed forces would be run like a business. A senior chief petty officer described this transition as "the way used to be a family, then it became a family business, now it's just a business." As the government saves money on the backs of a silent and subservient armed forces, this once-prideful organization is viewed with disdain by most citizens, indifference from its own members, and regarding neglect from its political masters. Our politicians and senior bureaucrats don't understand the complexity of the missions they assign, and won't tolerate navel-gazing or dissenting views from the people expected to carry out these tasks. Nobody ever joined the military to get rich. The bright ones do it because they want to serve their country. Less高尚的individuals join

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Backstage



Anthony Wilson-Smith

When the past becomes the future

In politics, as in clothing fashions, everything old becomes new again. Just as every teenager in shoulder-length hair, skin-tight shirts and platform shoes looks straight from the pages of a 1970s high-school yearbook, so, in politics, do familiar names sound. Prime Minister Jean Chretien, other than a brief absence, never went away. Deputy Prime Minister Herb Gray didn't leave at all. Pierre Trudeau celebrated the 30th anniversary of his rise to power last weekend with a euphoric and nostalgic. And could that really be Joe Clark who some Progressive Conservatives now want as leader again?

To those examples, add the New Democratic Party—whose name in politics and fashion never changes. Along with print journalists and academics, they may be the last group to consider cardigans, plaid shirts and Beretstocks the height of elegance. As policy the perception remains that the NDP follows these 1960s policy trends—it moves, regulates it, it breathes, smoothes it, it makes a point, too.

Too bad for them, because there are signs that voters might cast a new eye on the party—if it would do the same about some of its own policies. In the 1980s, the route to political success for left-wingers usually involved a grueling race to the middle of the road. Consider the Democratic party under Bill Clinton in the United States, the Labour Party of Great Britain under Tony Blair—and the posturing Turner Liberals—of Jean Chretien, Saskatchewan Premier, Guy Steeves, whose good record was due first in part to the 1980s to balance its budget, one probably stay in power as long as it can. But, as with British Columbia Premier Glyn Clark was elected in 1990 on a promise to present a balanced budget though he did not do so. And the NDP has played new cards in the Atlantic provinces—but in last June's federal election and in the March 24 Nova Scotia election.

Events now correlate to give the federal party the best chance in years to ingress voters. Whether it will succeed in nuclear, leader Alexa McDonough, after a good 1997 election campaign, has dropped off the radar screen. But party strategists would do well to play up these opportunities—big and small.

Bank booking. The four banks only partly to merge—the Royal Bank and Bank of Montreal along with the CIBC and Toronto Dominion—effectively decided to hold the government into account when it comes to do through their share price and impact on the nation's economy. Just as the banks calculated, it is unlikely the government will block the merger because of the chaos that would cause on markets. As a result, Finance Minister Paul Martin, though he can and will impose conditions on the deals, must bite his tongue

and hold onto his Liberal backbenchers who took his previous anti-bank rhetoric at face value.

Not so NDP MPs, who can West away at will. There is a ready-made side issue for them: the Liberals may let foreign banks open branches that would operate under the regulatory rules of the parent banks in their home countries. An American bank in Canada, then, could offer clients less deposit insurance than a Canadian bank. That is worrisome—and is there a more fundamental symbol of a nation's sovereignty than who controls its banking system?

The right loves a fight. And conservatives are born of a tradition of righting wrongs. In the short term, the squabbling between Progressive Conservatives and Reformers has focused attention on the political right to the detriment of the left. But in the longer term, the combatants will sound increasingly shrill. By staying quiet or simply being ignored, the NDP may acquire something new—generals.

Chretien's bubble. While "think globally, act locally" is the mantra of the minute, the Prime Minister does the reverse. He appears most interested and enthusiastic when on his frequent trips outside the country, whether he seems parochial and cheerful. The most obvious instance was his budget last fall, which would limit the number of Canadians who can receive compensation for contracting hepatitis C from tainted blood. Then there is the way he ostentatiously hangs on Quebec's sever-exigencies—so he also did last week. Does anyone other than the Prime Minister, Lucien Bouchard and a few *Le Devoir* editorialists still want to obsess about Canadian unity?

The NDP, on the other hand, has been smart enough to largely avoid debate about a province in which it has no presence.

A chance to oppose new government spending. A House of Commons committee is studying whether governments should subsidize professional sports franchises through such means as grants, low-interest loans and tax breaks. Ask not, then, whether you should help pay the \$8.25 million (U.S.) salary of the current Canadiens with your taxes. Liberal MP Dennis Mills argues that would be no different than the way the government supports through other programs, including \$1.9 billion this year in "industrial and regional development." True, and the NDP could push to eliminate such subsidies in order to create a more "competitive and self-sufficient"—the jargon CEOs favor when telling government to butt out of their business.

So the NDP could profit in the changeup of spending cuts and smaller government? Hardly. But don't be surprised if some time soon, the party shifts off the 1997 "Create It!"—then Leader David Lewis's odd to the point of tasteless "corporate welfare" line.

Opening Notes

Written by
TANIA
DEWBERRY

Commemorating the 'Persons'

Longer than life human statues will grace Parliament Hill in Ottawa and Olympic Park in Calgary to commemorate the Persons, who achieved equal rights for Canadian women with the courts ruling in 1929 that "persons" were not just men. The five women were, from left to right: Nellie McClung, Alberta MLA and now folk hero, Irene Parlby, the first woman cabinet minister in Alberta; Emily Murphy, the first woman magistrate in the Commonwealth; Henrietta Muir Edwards, founder of the National Council of Women; and Louise McKinney, first woman to serve as an MLA in the Commonwealth. The statues, created by Edmonton artist Barbara Paterson, will be unveiled in Calgary on Oct. 18, 1998, and a Parliament Hill a year later.

Pricye icy vodka

Even members of his own staff may feel Peterson, federal secretary of state for intergovernmental relations, is a guy who knows the value of a dollar. So, maybe he was, as he chuckles, just waving to a friend during an auction at the Politics and the PEN fund-raiser held at the House of Commons last week. Trouble was, he gestured at precisely the same moment that his cohort, then Canadian Heritage Minister Sheila Copps, announced to his auctioneer off a bottle of vodka made from reared Newfoundland sledge, sometimes called "herring but," by John Gutfreund, Jack Peterson's namesake and as tall as 6'000, which no one was willing to top. Peterson argued, it was all a mistake, but since all of the money was going to the literary charity The Writers' Development Trust, he agreed to pay up. "He's been griping about it all week," quipped a sulfurous member. Crying off the top to the auctioneer



Derriere one of the country's longest-serving

play it bold performance on week nights. But he misses it when that plane to go to the office every day. "I'll work as much as before," says Devine, who currently plays a major role in preparing the newscast. Radio-Canada announced his impending departure last week as part of a changing news lineup, due to sagging ratings. Devine is being replaced by Stephen Burns, 32, the network's New York City correspondent. But Devine insists that the decision to leave the anchor job—which he landed at the age of 26, a few weeks before the October Crisis—was his, and that he wants to be out in the field more often, though he does concede that there will be a measuring period.

After covering 14 federal and provincial elections and two referendums, Devine says of the job: "It's a 20 per cent talent and 80 per cent work." He's one familiar with Devine's prodigious work habits: who ever accused him of being a slacker, but they would no doubt increase the talent quotient.

An anchor aweigh

What does a television anchor do after reading a network newscast for 27 years? For Bernard Devine, one of the country's longest-serving anchors, the answer certainly isn't retirement. In fact, 54-year-old Devine, the respected broadcaster of Radio-Canada's nightly *Nouvelles*, *Le Téléjournal*, plans to keep hosting news specials, such as election coverage, for the Montreal-based program. After he signs off *Le Téléjournal* for the last time in June, Devine will have time to catch the occasional

No Reds in the red chamber

Some years ago, a reporter interviewed a venerable—and very wealthy—senator about conflict of interest in the so-called red chamber. "Let me tell you about conflict of interest, son, and the senator to the scribe: "Righto, Canadian dirt." Canadian dirt, as it is now, is an issue that will permit no long as prime ministers appoint captains of commerce to the Senate and as long as Parliament turns a benign eye to the inevitable conflicts between their private interests and public duty. The bank mergers are the latest case in point. In anticipation of hearings into the mergers, Michael Kirby, Liberal chairman of the influential Senate committee on banking, trade and commerce, sent a memo to the other 11 senators suggesting they make a public declaration of any connections to financial institutions.

Three members declared done, two Canadians values: James Kelleher and Michael Meighen are on the boards, respectively, of the Banca Commerciale Italiana and Deutsche Bank's Canadian division. Kelleher is also a director of an affiliate of the Paribas Bank of France's subsidiary, Le Roi Robert, a Bilingual Montreal lawyer and past chairwoman, has been a director since 1992 of the emerging Toronto-Dominion Bank. He acknowledged his potential conflict. "In view of the fact that we will be studying the proposed merger, I may have to rethink my position." A small breakthrough, perhaps?

Smoothing *The X-Files*' exit

Vancouverites' affection for *The X-Files* was seriously damaged last year when star David Duchovny complained about their city's considerable rainfall. And when it was announced in March that, after five years of filming in British Columbia, the hit show about the paranormal and bizarre conspiracy theories was defecting to Los Angeles, that just added further insult to injury. But last week, it seemed that locals had forgotten their anger. More than 12,000 fans lined up at General Motors Place to work as extras on the final show to be shot in Vancouver. And when Duchovny and costar Gillian Anderson took part in a Q&A question-and-answer session with the extras prior to filming the crowd, the



Anderson, Duchovny: beyond anger

BEST-SELLERS

FICCTION

- 1 *Political Assassin* (2)
- 2 *Whistleblower* (2) *Dragon's Grotto* (2)
- 3 *The Last Tycoon* (2) *John Grisham* (2)
- 4 *White Heat* (2) *David Morrell* (2)
- 5 *Desolation* (2) *David Morrell* (2)
- 6 *The Interpreter* (2) *John Updike*
- 7 *Gold Mountain* (2) *Clancy Bryant* (2)
- 8 *Brotherhood* (2) *John Grisham* (2)
- 9 *White Heat* (2) *David Morrell* (2)
- 10 *Lang Ping* (2) *Clint Eastwood* (2)

NONFICTION

- 1 *The Last of Empires* (2) *Janet McTeer* (2)
- 2 *The City of the Sun* (2) *Thomas Cottol* (2)
- 3 *Walking to Heaven* (2) *Tom Perrotta* (2)
- 4 *White Heat* (2) *David Morrell* (2)
- 5 *The Man Who Learned to Fly* (2) *Maya Salama* (2)
- 6 *Desert Politics* (2) *John McClellan* (2)
- 7 *The Whistleblower* (2) *Thomas Stoddart* and *John Grisham* (2)
- 8 *The City of the Sun* (2) *Tom Perrotta* (2)
- 9 *Brotherhood* (2) *Peter Ackroyd* (2)
- 10 *Reflections of a Businessman* (2) *John Bokicev* (2)

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2. *Whistleblower* © 2000

3. *The Last Tycoon* © 2000

4. *White Heat* © 2000

5. *Desolation* © 2000

6. *The Interpreter* © 2000

7. *Gold Mountain* © 2000

8. *Brotherhood* © 2000

9. *White Heat* © 2000

10. *Lang Ping* © 2000

11. *Political Assassin* © 2000

12. *White Heat* © 2000

13. *Whistleblower* © 2000

14. *The City of the Sun* © 2000

15. *Walking to Heaven* © 2000

16. *White Heat* © 2000

17. *Brotherhood* © 2000

18. *Desolation* © 2000

19. *Lang Ping* © 2000

20. *Reflections of a Businessman* © 2000

21. *The Interpreter* © 2000

22. *White Heat* © 2000

23. *Political Assassin* © 2000

24. *Desolation* © 2000

25. *White Heat* © 2000

26. *Brotherhood* © 2000

27. *Lang Ping* © 2000

28. *Reflections of a Businessman* © 2000

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46. *Brotherhood* © 2000

47. *Desolation* © 2000

48. *Lang Ping* © 2000

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Passages

DIED: Former stock

woman **Mary**

Pepper, 77, of a

heart attack, in

Vancouver. She

dropped out of

school at 14, started

her career with

partner-stock trading

through the Toronto

Stock Exchange. After the TSE

seized stock promoters in 1967, Pepper

moved to Vancouver. There, she was involved

in two major gold discoveries: the Hemlo

deposit in Northern Ontario and the Taseko

Gold deposit in British Columbia. Last

January, Pepper was inducted to the Mining

Hall of Fame for his role as the

founder of the Canadian

Football League's B.C. Lions

from 1989 until he sold the team in 1993

at a loss of about \$7 million.

DIED: **Illustrated Supreme Court of**

Canada Judge **Wilmot Spence**, 94, at his

home, in Ottawa. Spence was appointed to

the Supreme Court in 1963 and retired

in 1978. Known as one of the court's

more learned judges, Spence conducted the 1966

federal inquiry into the security risk created

by the relationships between former

Conservative cabinet ministers and East

German cold-war allies.

DIED: **Member of Parliament** **Olivia Patz**, 84, of

cancer, in Mississauga, Ont. The former

diplomat was awarded the Polar Prize

for literature in 1990 for his 40 books of

essays and poetry, including his best-

known essay, *The Cadets of Sparta*.

DIED: **Former Greek leader Constantine**

Georgakopoulos, 91, of a heart attack, in

Athens. Georgakopoulos is credited with

restoring democracy to Greece after the

fall of the early 1970s military junta.

He served as prime minister from 1974

to 1980, when he stepped down and

took the ceremonial position of president

for the next decade.

DONATED To the Royal Ontario

Museum, \$45 million, by singer

Louise Hawley Steere, in Toronto. Steere,

who died last year at age 93, was mainly

interested in Chinese art, but her gift—

the largest cash donation in the museum's

85-year history—will be used to acquire

artifacts in all areas.

INDUCTED Into the Canadian News

Hall of Fame: veteran journalists **Bill Bissell**,

Mal Miers and **Janet Park**, in Toronto

Powerful forces are reshaping the nation's financial landscape

Is Bigger Really Better?

BY KIMBERLEY NOBLE

Two teenagers are chatting as they bob briskly along the main drag in Galt, Ont. The taller of the two, who looks to be about 17, is talking about the proposed mergers among four of Canada's five biggest banks. "It's yeah," he says, his tie-dyed T-shirt flapping in the gentle breeze. "Haven't you heard? They're all going to merge. The Royal Bank is merging with, oh, with the Bank of Montreal. And now the Commerce wants to merge with the TD."

His friend, a skeptic, has not kept up with the news. "Oh yeah?" he says. "That so? No, I didn't know." He asks his buddy what will happen, "here, in Galt."

"I don't," his friend replies, and the two kids stride off up King Street, still trying to figure out what the grand ambitions of Bay Street's powerful financial fraternity are going to mean to their home town, a tidy farmingtonoid residential community on the shores of Lake Ontario, an hour's drive east of Toronto.

Across town, former federal banking watchdog Michael MacLennan sits in his sun porch and mulls over much the same question. As inspector general of banks and superintendent of financial institutions from 1987 to 1994, MacLennan oversaw many

of the most dramatic events in this country's recent financial service history, the aftermath of financial deregulation, which allowed banks to key investment brokers; the collapse of most of the country's major trust companies; and the eventual leading up to the demise of Confederation Life Insurance Co. in 1984. He is a self-professed friend and admirer of Canadian banking, who sees a "certain inevitability" in bank mergers and understands why four of the five top bank executives are convinced they must join forces to survive.

MacLennan is also an economic nationalist, however, who fervently believes in the need for Canadian-owned banks. And like the teenagers, he keeps coming back to the question of what this is going to mean in a place like Galt, where people have long established relations with their local bankers. "If you were to take a walk in this community, I have absolutely no doubt that people would wave nine out of 10 against the mergers," MacLennan says. Himself included? Probably. "As a banking consultant, I have to ask what possible benefit this will have for me."

The students and the retired regulator are among



millions of Canadians who, whatever their net worth, are struggling to sort out their feelings about bank mergers. The problem is not a lack of information and opinion; from coast to coast, Canadians have been bombarded with anecdotes, statistics and commentary since late January, when the Royal Bank of Canada and the Bank of Montreal announced their engagement. The coverage has increased since the Canadian Imperial Bank of Commerce and the Toronto Dominion Bank announced similar plans on April 13—based on the heels of three huge U.S. banking mergers.

There has been an almost endless stream of claims and counterclaims about the advantages and dangers of mergers, some of them wildly contradictory, others more logically absurd. Charles Baillie, the chairman of TD Bank, revealed that he had been in talks with the CIBC's Al Flora since February, despite his public insistence that the TD Bank had no interest in merging because it would slow the bank down and eat into its return on assets, the best of the Big Five. Topping that, one investment banker went so far as to argue that if Finance Minister Paul Martin relaxed the bank's requests the bottom would drop out of the stock market. "Every fund manager in Canada would march on Ottawa," he said, "and I honestly think they'd want to kill him."

Making sense of this mess is no easy job, but there is no doubt that the country is approaching an economic turning point. Powerful forces are reshaping the nation's financial landscape, and Canadians from all walks—bankers, regulators, consumers—are being swept up in the tides. Politicians—Martin in particular—are urging pushes to launch an immediate overhaul of the country's financial services rules. Bank mergers cannot take place in isolation, before they go ahead, federal officials must review, and possibly update, federal competition policy and the ownership rules that currently limit any single party to 10 per cent of a bank's shares. It is impossible to reverse those rules, which serve as a barrier to foreign ownership of Canada's banks, without weighing the consequences for the country as a whole. "A bank isn't just a business," says Steven Bellis of Toronto, author of the 1995 book *Small Business and Big Banks*. "It's an institution. A bank is part of a national life-support system. A bank is no different from a utility, except it's a money utility."

There is another crucial difference. In sectors such as telecommunications, energy and transportation, government policies are aimed at breaking up monopolies and subjecting the managers of large utilities to the discipline of the marketplace. The banks are now demanding that Ottawa do the opposite: allow profitable, medium-term corporations to concentrate their claim in certain segments of their existing businesses. Postmerger, the two proposed megabanks would control 70 per cent of the country's banking assets. Canada would have the most concentrated banking system in the world, MacLennan says. "This is what is known as oligopoly." This lessens the bank's dependence on a merger partner's services. "This would not be allowed in Britain or the United States," says Peter Godwin of the Bank of Nova Scotia. "Any other country would consider this anti-competitive."

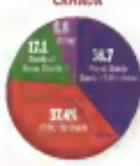
In essence, bank mergers have little or nothing to offer average Canadians. This is because, whatever the banks say, the single big merger is not about

How efficient are the Big Five banks in Canada? The urge to merge is not about improving service or creating jobs.

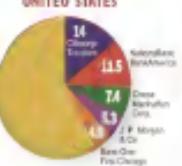
Carving up the market

Lenders' percentage shares of total banking assets in Canada and the United States, if proposed mergers were approved:

CANADA



UNITED STATES



improving service or creating jobs. The Royal and Bank of Montreal were advised, before announcing their merger, to use clear cut of the argument that they needed to be big to be globally competitive. They ignored the adage, causing, in the eyes of pundits and pollsters, an unnecessary backlash from consumers who finally do not care whether their banks scoop up new business in Asia or Latin America. The CIBC and TD Bank learned from that mistake. "Our merger is about providing customers with more product choice at better value," the CIBC's Flood said. "It's about forming an innovative new company that will create more jobs, higher-skill jobs, better-paying jobs and new jobs in high growth occupations."

That may happen, but the available evidence suggests otherwise. Consumer advocates point to a 1997 study of 400 banks by the Washington-based Public Interest Research Group, which concluded that bigger financial institutions tend to levy more, and higher, service charges than their smaller counterparts.

Then there are the personal testimonials. Trust company employees have complained bitterly for years about how costs rise and the quality of customer service fall after the big banks swallowed most of their smaller competitors in the late 1980s and early 1990s. Investment brokers, who tend to view themselves as independent entrepreneurs, used to scoff at this sort of whining. But they, too, say their ability to serve clients deteriorated after all but one of the large brokerage firms were taken over by banks. "Nobody wants to admit this, but we provide a very poor level of service as a result of our relationship with the bank," says one investment manager. "It's sad, but it is true. Nobody has had good customer experience when they're dealing with a large financial institution."

What about the claim that breaking mergers will preserve and maybe even create Canadian jobs? Even an Bay Street, few people believe it. "Despite the rhetoric about creating global banks, the jobs losses will be in Canada," says Toronto Standard Bill Jackson. In spite of having sold National last summer, he called on Ottawa last week to pull all such mergers,

saying: "There will be tens of thousands of real job losses." In any case, the jobs that bankers are talking about are not the traditional credit-management ones behind a desk or supervising a branch. Those roles will likely be the first to be cut when the banks set about trying to eliminate duplication in their merged operations. Many of the new jobs will be in old centres and data processing facilities, as the banks try to reduce costs by increasing their use of new technology.

More than anything, it is technological change that is driving Canadian bank mergers, magnified by a desire to make up for a service management mistake in the late 1980s and early 1990s. Bankers all over the world beat about the spectre of information giants, such as Microsoft Corp., one day providing a replacement for traditional banking. This is still years away, and many analysts believe it will never happen. More immediately pressing is what it came to developing and adapting technologies such as automated teller machines and debit cards, because bank managers dragged their heels when it came time to invest in the types of computer systems that are currently revolutionizing U.S. banking. Canadian bankers were either overly conservative, or distracted by the drama of big loan losses in the early 1990s, when big U.S. banks began to pump millions of dollars

Major companies represented on the boards of the Big Five banks:

INDUSTRY	ROYAL BANK	BANK OF MONTREAL	TD BANK	CIBC	SCOTIABANK
INDUSTRIAL	Acadian Paper (printing and processing) Norit Corp. (paper products, chemicals) B & C Gas Inc. (energy) Imperial Oil Ltd. (petroleum)	Letco Corp. (precision) Noranda Inc. (basic metals, oil and gas) Cirrus Corp. (minerals) Corus Utilities Ltd. (power, natural gas)	Imex Ltd. (energy retail) IPSCO Inc. (energy) PowerCorp PipeLines Ltd. (energy transportation) IPL Energy Inc. (oil and gas transportation)	Permecon Inc. (forestry, mining, oil and gas) Cirrus International Inc. (energy, mining) Westmcan Energy Inc. (energy) Rex Corp. (energy) Interjet Mining Corp. (mines and precious metals)	Canwest Inc. (forests and paper) Dofasco Inc. (steel) Power Pipe Lines Ltd. (energy transportation) TransCanada Pipelines Ltd. (energy transportation)
COMMUNICATIONS TECHNOLOGY	Shaw Corp. (telecommunications) Quebecor Communications Group Inc. (radio broadcasting) Tristar Corp. (television) EDS Canada (computer services)	Torstar Corp. (printing) Corus Broadcasting Corp. (radio, TV broadcasting) ICEC Inc. (telecommunications)	Le Groupe Vidéotron Inc. (radio TV broadcasting) Bragg Communications Inc. (radio TV media, telecommunications publishing)	IMC Corp. (computer services)	Atom Broadcasting Inc. (telecommunications) MTS (radio, television, telephone and cable) Shaw Communications Ltd. (telecommunications) Telus Inc. (telecommunications, information services)
CONSUMER FOOD HOTEL/RESTAURANT	Maple Leaf Foods Inc. (beef processing) McDonald's Restaurants of Canada Ltd. (fast food) Fidelity Premium International Ltd.	Metromilk Companies Ltd. (food) Renaissance (Canada) Ltd. (printing)	Metromilk Companies Ltd. (food distribution)	Engle Company Ltd. (food distribution)	The White Shop (grocery) Taco & Lyle PLC (sugar) George Weston Ltd. (food processing, distribution)
OTHER	SPC-Lanigan Group Inc. (engineering) Canadian Pacific Ltd. (transportation and travel) H P Corp International Inc. (minerals, iron, steel, aluminum, coal) Union Gas Gaseous Ltd. (agricultural services)	Air Canada (air travel) AFCO Ltd. (precision housing, gas and electrical) Marine Group Ltd. (precision services)	The Jim Pattison Group (marketing, packaging, transportation, food and financial services)	Lululemon Inc. (apparel) Lululemon Canada Inc. (marketing materials)	Four Seasons Hotels Inc. (hotels) The Oxford Group Ltd. (travel, air charter) Bacardi-Fonterra Ltd. (agriculture, food)

The men who stand to profit from merger mania

Canadian bank stocks have soared in recent months, a sign that investors believe mergers would lead to higher profits. Among those with the most to gain are the banks' own chieftains. The men who run the five largest banks have each earned a paper profit in the millions of dollars so far this year, based on the increased value of their shares and share options since Dec. 31, 1997. The figures shown are theoretical gains; many of the options cannot be exercised for several years.



ROYAL BANK

John Cleghorn
Chairman and CEO
Shares: 41,232
Options: 570,190
Paper profit since Dec. 31, 1997: \$3.1 million



BANK OF MONTREAL

Matthew Barrett
Chairman and CEO
Shares: 34,890
Options: 813,990
Paper profit since Dec. 31, 1997: \$13.5 million



CIBC

Al Freed
Chairman and CEO
Shares: 87,814
Options: 1,245,000
Paper profit since Dec. 31, 1997: \$5.7 million



TORONTO DOMINION BANK

Charles Buttelle
Chairman and CEO
Shares: 64,052
Options: 903,690
Paper profit since Dec. 31, 1997: \$5.4 million



BANK OF NOVA SCOTIA

Peter C. Godwin
Chairman and CEO
Shares: 24,285
Options: 573,000
Paper profit since Dec. 31, 1997: \$7.3 million

'It could be a good thing'

In readers' opinions across the country last week, Maclean's spoke to dozens of business leaders about the proposed mergers. Most approved some suggested conditions. A sampler:

Hansan Paray, chief financial officer at Ciras Financial Corp. of Montreal

"We don't have a negative opinion about the mergers. We have to make sure consumers are protected but we also have to give banks the flexibility to compete internationally."

Donald Loeffler, CEO of Saskatchewan Wheat Pool, Regina

"We're pleased to see it happen. That's competition from around the world. And we're going to keep our banks as junior partners, and we'll be in it."

Paul Roy, CEO, Northern Steel Industries Ltd. of Findlay, B.C.

"I'm not worried about it. In the long

run it will give us a stronger financial institution to do with."

Guy Morgan, CEO, Alberta Energy Company Ltd., Calgary

"In combination with foreign competition it could be a good thing. We can't afford to have our banks ranked less than 20th in the world in terms of size."

Michael Connors, president of Lakewood Motors, a Chrysler dealer in Thunder Bay, Ont.

"In the short term, there's going to be grief but in the longer term I think we're going to see stronger banks that are going to contribute to our economy and maybe help small business."

Colin Letham, CEO of Halifax Bank Martineau Tel & Tel, Halifax

"Paul Martin's response should be, 'Fine, you want to merge, we're going to let foreign banks in to compete with you.'"

into new data-mining technology that identifies, accredits and targets the most lucrative segments of the financial services market.

Hence the bankers' frustration with foreign competitors who are able to sit in call centres in the Americas Midwest and, with little more than a telephone and a computer, pick the cream off the top of selected business segments without having to spend a penny on infrastructure in Canada. "The banks are worried that they provide this service, across the country, for the same cost to customers in Toronto and Red Deer, and foreign banks can come in and pick off the high end, the most profitable business in the city," Maclean's says. "Whereas you know Citibank and Wells Fargo are never going to open a branch in Red Deer."

In that climate, the only option Canadian banks see is to do what U.S. banks have been doing for a decade—move like crazy looking for the economies of scale that will allow them to spread a handle on technology. It is not a message that is likely to win over consumers, many of whom already feel that banking has become too impersonal and that technology poses too great a risk to personal privacy. Perhaps, as Maclean's says, there is an inescapability to bank mergers, but that will not make it any easier for the bankers to persuade Canadians that bigger banks are necessary—or desirable.



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Ottawa faces the big squeeze

BY JOHN GEDDES

Even at a time when they need to raise their voice, bankers still have a way of looking like busters. The industry's public relations machine has been revised lately, with focus television ads, bairnsizing CEOs, spot-filling lobbies—all aimed at winning Ottawa's approval for a pair of bank mergers. But there has also been unwanted attention. Last week, the Bank of Montreal had to retreat from a proposed merger policy on cashing military cheques in Toronto. And the Canadian Imperial Bank of Commerce had to scrub a plan to expand its student loans program in Manitoba. "It was a bad coincidence that it came out when it did," says a senior CIBC official. Naturally though, he had a several, banksterly explanation: former students were defaulting at a rate of 30 per cent, and months of negotiations with the Manitoba government had failed to salvage the program. Still, he admits, "The issue is funding."

And it could hardly have been worse. Newspaper clippings about the demise of the student loans program landed on the desks of Liberal MPs just as they were focusing on the politics of bank mergers. The banks' track record for winning over these MPs in recent years reads like a bad credit history. Bank lobbyists have never forgotten how MPs leaped to their feet to give Finance Minister Paul Martin a resounding ovation when, in his 1996 budget speech, he announced he was closing the banks' fail to be let into the lucrative cashing business. The banksters were cheering again last week when Martin, pressed on the merger issue during a sunny Question Period, turned up the rhetorical heat: "The decision on the bank mergers will be made by this government, by this Parliament and by the Canadian people. It will not be made by any financial institution." In short, "Anybody who has any doubt about that had better run with us."

Martin's tough talk had financial industry insiders second-guessing the early buzz at Bay Street that the bank deals were simply too big to be blocked. Two mergers are awaiting regulatory and political approval: the marriage of the Royal Bank of Canada and the Bank of Montreal, with combined stock market value of \$39 billion, and the \$43-billion match between the CIBC and TD Bank. The chances of these deals going through unconditionally are growing slimmer. "The scenario that we would approve these mergers is presently configured is not on," one senior Liberal adviser told Maclean's last week.

The Canadian bankers behind the mergers argue privately that Ottawa has little choice but to let them push ahead. The main reason: even bigger fish are swallowing each other in the American banking pond, with the planned mergers of Citicorp and Travelers Group, and NationsBank and BankAmerica. Those developments, they contend, have made stopping Canadian bank consolidation seem not only unnecessary—but down right imprudent. According to that logic, Canadians will want their own heavy-duty contenders in a bunched-up international marketplace. "The American Imperial have helped us enormously," says one executive.

But even if the bankers' logic for Martin's blessing believe he cannot actually turn them down, they do fear the conditions he might impose—job guarantees to branch closures. And bankers have quickly learned that their global competitiveness argument is untenable—unless it is backed up with a positive message about the domestic impact.

"We know that an overwhelming number of Canadians want a strong, Canadian-based global bank," says one executive.

"But the way to sell it is to tell them that they are going to get better prices. That's what we try to tell Paul."

The shift from a "get ready for globalization" pitch to a more honest "we're on your side" emphasis has already started. John Cleghorn, president of the Royal Bank, and Matthew Barrett, his counterpart at Bank of Montreal, kicked off the campaign to sell their merger with a strong theme about making it outside Canada. But when Barrett issued a schoolboyish boast that a merged Royal-Montreal Bank could "knock ass" in the Anglo-American market—a remark that stuck him even over protest because even the Canadian public and political factions were equally au fait with the merger—Cleghorn and his colleagues toned their message, and in the banquet circuit stressed how the merger would help ordinary Canadians. Barrett took to explaining in his speeches that "bigger" in this case means more jobs and better services. Cleghorn has added his own spin: the same theme as speeches he delivered in recent days in St. John's, Nfld., Salt Lake City, N.J., and Katherine, Ont. He says the job losses in the new merged bank would be "minimal"—while new hires could number as much as 30,000 over three to five years.

Cleghorn has those are a hard sell around Parliament Hill. "They've got a credibility problem," said one senior Liberal official. "We know there will be branches closed down." To counter that fear of reduced competition—especially in small towns—Cleghorn points to what he perceives as a far more, increasingly competitive marketplace. Chartered banks, he notes, vie for customers with more than 40 foreign banks, 2,500 insurance companies, 50 trust companies and 2,500 credit unions.

Ironically, it is from among those rivals that the banks may be furthest from stand-persuade allies in the fight for Martin's blessing. Far from sounding the alarm over the merger, other financial institutions may they expect to reap benefits. "Over the past three to four years, we've had a lot of mergers and partial or full closures of the chartered banks—over 100," says Orr Steens, president of Prince George Savings Credit Union, which runs three branches in the forested town of 76,000, 789 km north of Vancouver. "Now, with the merger announcements, we've had even more people tell us we will be looking for other options."

Jonathan Goss, president of Credit Union Central of Ontario, points to a survey conducted for Canada's credit unions by Evalues Research Group after the Royal and Bank of Montreal

merger was announced. According to that poll, 23 per cent of Canadians said they would definitely or probably switch to another financial institution if the merger occurred. Another 36 per cent said they either definitely or likely would not switch, while 31 per cent had no opinion. "It's a real thing to affect people's attitudes," Goss says, "and easier to affect their actions. These mergers will make people switch. For us it is a powerful opportunity." Similarly, Canada's trust chief executive, Ed Clark—whose company is widely seen as a possible acquisition for Bank of Nova Scotia, the last of the big banks left without a merger partner—said he expects to take advantage of the merger action to win over new clients.

But if the bank competitors are bullish on their own ability to compete, their customers are not so sanguine. "It is appalling," says Henry Denison, chief executive of Lanting, a 5.5-billion National Sea Products Ltd. "Canadian banks are already less innovative and less aggressive than their U.S. counterparts." Goss agrees. "Bigger is worse," says Catherine Scott, president of the Canadian Federation of Independent Business, which represents 80,000 small firms. "Our members believe things are concentrated enough already." A survey the federation conducted last October before the seismic shifts in banking really



■ Martin: insisting that the government, not the banks, will decide if mergers will go ahead

The banks have not impressed many MPs

began, showed that members of its members were against bank mergers. And Swift was everywhere last week assessing the big banks of bloody following another trend that will lead to catastrophe—just as loans to Latin America, the Alberta oil patch and commercial real estate have in the past.

Swift stresses that Canadian banks already have a competitive advantage—even if Ottawa, for example, grants foreign banks free access to the domestic market. And she does not think her critique is the market for financial services, putting just as much emphasis on the influence banks cultivate through donations to parties and other links to the political class. (Even Prime Minister Jean Chrétien served as a TD Bank director when he took a break from active politics in the 1980s.) "I'm concerned that further concentration will simply add to that clout," Swift warns. "At some point, we have to ask ourselves, in a democratic society, do you want those guys to have that much power?"

But political power is not on the formal list of items up for consideration by the advisory body that will grade Martin's decision. Headed by

Regina lawyer Harold MacKay, the Task Force on the Future of the Canadian Financial Services Sector was set up by the Liberals in late 1996, with a mandate to provide independent advice on bank mergers and other issues such as foreign ownership and electronic commerce. When Cleghorn and Barrett announced their bank's bidirectional in January, Martin was furious at their refusal to wait for MacKay's report, which is expected by next September. "MacKay was our chance to look ahead, to take the future of banking away from the politicians and bankers, because neither of us can say anything," said one Liberal official close to the finance minister. "And there, in the middle of all that, they put a merger on the table. I don't know what their thoughts are."

One thing the banks may have been thinking: Ottawa's decision-making process needed a jump start. And last week has at least some credibility. Along with the MacKay panel, at least two regulatory bodies must review any bank merger—the competition bureau and the office of the superintendent of financial institutions. The latter will conduct the final formal review to make sure any merged bank meets the legal requirements for solvency. The role of the bureau, the federal antitrust watchdog, could be more pivotal. The bureau already has a growing team of more than a dozen experts investigating whether the mergers are likely to significantly lessen competition.

That means a meticulous look at everything from how major Canadian corporations benefit from international business deals to the choices consumers have for home mortgages in small cities. "We'll be breaking down the various services of



Ruthell: will bigger banks be less committed to the smaller centres?

Small business, big worries

Nestled in Nova Scotia's Annapolis Valley the town of Windsor has enjoyed better days. Recent provincial governments cutbacks have closed its community college, drastically reduced the number of beds at its regional hospital, and reduced other health-care and court services to a leaner core. All of that took a toll on Windsor's small-business sector and forced it to downsize as well. Now just as the town of 3,500 is beginning to rally—among other things a major fund-raising campaign is under way to build a first-class sports heritage centre to bolster Windsor's claim to being the birthplace of hockey—some residents are worried about how the proposed mergers of Canadian banks may affect their community. "As they get bigger they will be even less committed to the smaller centres," says Mary Roffell of Teasers Fashion & Bridal Sales, the shop she has run for 21 years in downtown Windsor. "When you sit back and think about it, it's really quite scary."

In what has become a familiar refrain in small-town Canada, many Windsor residents say that, even before the talk of mergers, the big banks were too impersonal—and too greedy—for their liking. They argue that the institution of having to depend on faceless managers in faraway head offices to give final approval on their business loans and lines of credit. They bemoan the push towards electronic banking and the loss of the "human touch." But most of all, they bemoan at the record profit banks have enjoyed—in part, due to an array of service charges on other customers. "It's a time when many people are struggling just to survive. We've seen some tough times over the last 10 years," says Jeff Riddell, owner of the local Morris Hardware franchise. "But the banks kept making more and more money. That's their image problem and that's why this merger business is going to be a hard sell."

Three of the major banks—the CIBC, the Royal and Scotiabank—currently have branches in Windsor. Most small-town people expect the CIBC and Royal to stay even if the merger goes ahead, some fear the larger institutions may ultimately squeeze Scotiabank out. Such a result would be especially dolorous to Shelley and Glenn Young, two recent university graduates who turned to Scotiabank last year to help finance their purchase of Vaughan's Stationery & Gifts and the adjacent lingerie store, House Thatas. They were not exactly a banker's dream satisfied with student debts and working at low-paying jobs. Glenn is an account receivable clerk and Shelley is a waucress at Tim Horton's. Yet the local Scotiabank managers seemed to believe in them, says Shelley. "If I had been a bigger bank," she adds, "I don't think we would have got past the front door."

As for what Ottawa should do about the proposed mergers, residents are divided. Shelley Young would like them blocked. "I don't want to see just one or two superbanks in the country," she says. "I think that would be just wrong." Riddell, long held in high esteem in his business, is an avocational civic leader and Shelley at a waucress at Tim Horton's. Yet the local Scotiabank managers seemed to believe in them, says Shelley. "If I had been a bigger bank," she adds, "I don't think we would have got past the front door."

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Brian Bergman: will be 'a hard sell' for the banks because they made money in tough times

lured by the banks and asking what are the actual or potential sources of competition for each of those services for different classes of customers," says Raymond Pierse, the bureau's assistant deputy director of investigation and research. While Pierse cannot comment directly on details of the banks' plans, the bureau has options ranging from rejecting the deals outright to asking the banks to sell off certain assets to avoid undue concentration in specific regions. If the banks resist, the bureau can take

sharply critical of the Senate, the banking committee has the most credibility," said Reform banking critic Dick Harris.

There is an argument, though, that Liberal MPs will sit quietly until the bill. Last week, even with the more immediate matter of compensation for hepatitis C sufferers demanding attention, the bank question grabbed its share of scarce time. But as the pressures increase, many MPs are becoming unsure how to push their long-standing supporters of the banks. Windsor/St. Clair MP Sheaghen-see Cullen said that after the Royal Bank of Montreal announcement, most government MPs firmly opposed the deal. "But this new one [the CIBC/TD Bank deal] made sense of us think maybe we should be taking a look at this." Fears are strongest among rural MPs who worry that their constituents will be the hardest hit if the banks start closing branches and scaling back services.

With the banks eager to avoid rural protests, some MPs may find that they have new leverage. Last year, Ontario MP Sandra Whelan launched a campaign to stop the Royal Bank from closing its branch in the tiny community of Cobber, which would have left some constituents in her Essex riding driving a half hour each way to do their ordinary banking. Two weeks after announcing its merger plan with the Bank of Montreal, Royal announced it would keep the branch open. Whelan believes the influence of ordinary MPs on the debate will only increase as Martin nears his decision-making crunch in the fall. "Then," she said, "the heat will really be turned up." The political battle over bank mergers has just begun.

By BRUCE WALLACE and JOHN DEMARTY
in Ottawa

BRIAN BERGMAN in Windsor

Miles to go before they merge

Before the federal cabinet makes the final call, the proposed bank mergers will have to wend their way through a bureaucratic and political thicket.

Task Force on the Future of the Canadian Financial Services Sector

Set up by Finance Minister Paul Martin in 1996 and headed by Regina lawyer Harold MacKay, the task force will plow 18 months to examine the future of the industry. The government will not make a move, and the panel delivers its findings in the fall. A preliminary report last year suggested that Ottawa should scrap its long-standing ban on big bank mergers and review soft restrictions "for approval on their merits."

Competition Bureau

The antitrust investigation branch of the department of industry is already examining the two proposed mergers, but will not issue any conclusions until it sees the task force report. If any organization is likely to probe the intricacies of the financial services market, it is the bureau, with squads of economists at its disposal. The bureau need not accept or reject a proposed merger

outright—it can also approve, subject to certain conditions. Disputes between the companies and the bureau are settled by the federal competition tribunal.

Office of the Superintendent of Financial Institutions

The body that oversees federally regulated financial companies is responsible for making sure that banks stay solvent and that bank customers have a fair degree of security. The office would have to study the impact of any merger on jobs, services or competition. Its review would therefore be the least politically charged.

Parliamentary committees

The House of Commons standing committee on finance, led by Ontario Liberal MP Maurizio Bevilacqua, and the Senate's banking, trade and commerce committee, chaired by Liberal Senator Michael Kirby, are both likely to examine the proposals. Liberal members say forming a special joint committee is under discussion. Separately or together, the committees will likely hold national hearings after the MacKay report is delivered.

them to the federal competition tribunal to try to have its orders enforced.

But even more important than closing the handles raised by the bureau, the office of the superintendent and the MacKay task force, the banks will have to get their plans past parliament. Government sources told MacKay that a special joint committee, made up of MPs from the House standing committee on finance and members from the Senate banking, trade and commerce committee, will likely be formed in the fall to hold hearings across the country. The strategy is to combine the MPs' political instincts with the senators' expertise—proven in previous influential studies, such as a report that formed the blueprint for reforms that allowed foreign banks to compete more freely in Canada. Even the Reform party—which has been slow to take part in the debate—will likely be forced to take a stand. "Of all the Senate committees, the banking committee has the most credibility," said Reform banking critic Dick Harris.

There is an argument, though, that Liberal MPs will sit quietly until the bill. Last week, even with the more immediate matter of compensation for hepatitis C sufferers demanding attention, the bank question grabbed its share of scarce time. But as the pressures increase, many MPs are becoming unsure

how to push their long-standing supporters of the banks. Windsor/St. Clair MP Sheaghen-see Cullen said that after the Royal Bank of Montreal announcement, most government MPs firmly opposed the deal. "But this new one [the CIBC/TD Bank deal] made sense of us think maybe we should be taking a look at this." Fears are strongest among rural MPs who worry that their constituents will be the hardest hit if the banks start closing branches and scaling back services.

By BRUCE WALLACE and JOHN DEMARTY
in Ottawa



The Guru Nanak temple, 600 (below right) a venomous form of intolerance

Crimes of hate

Murder charges revive the B.C. racism debate

BY CHRIS WOOD

They say it's not about us soldiers behind bullet-proof glass in the most secure courthouses in Surrey B.C. They answered questions as few, confident voices. But beneath their military demeanor, police and prosecutors said, the four young men with shaved heads were little more than racist thugs. And the charges of second-degree murder and assault done in the gas 4 hours after the death of a Sikh temple employee seemed to ring like demands when the British Columbians can easily be called the hate capital of Canada. The four deadheads, as well as a 17-year-old youth who was shot dead separately, belong to a small but dangerous subculture. Their trademarks are combat boots, chomping attitude, Nanje flags—and their ideology is a particularly venomous form of racism that some observers

say is gaining ground on the West Coast.

Provincial politicians were quick to paint a different picture. "British Columbians are the most progressive people in Canada," objected Attorney General Ujjal Dosanjh. "I don't think it serves a purpose to talk about B.C. as the hate capital." Surrey Mayor Doug McCallum, meanwhile, recalled that his city won an award from other Canadian municipalities last year for good race relations. But those arguments paled against the brutality at the centre behind the charges—and the gauchoish web of white supremacists connections that last week were exposed.

Nirjeet Singh Gill, 65, had worked as caretaker and one-man security force at the Guru Nanak Sahib temple, near Surrey's western edge, for five years—supporting his wife and paralyzed son in India. In the early morning hours of Jan. 4, he lay in the Sikh seniors' complex where he lived and headed across a parking lot towards the gleaming white-tiled temple, surrounded by an icy covered sea of open mouthers, to open the door and prepare for the day's first worshippers. But when they arrived, at about 1:30 a.m., the doors were still locked. Gill was discovered chewing bloodily around the blood-soaked remains of the parking lot, mangled from severe injuries to his head. He died nine hours later in hospital.

The four culprits charged in Gill's death were: Darrel Mironovics, 29, of Surrey; 16 km northeast of Vancouver; Robert Klock, 26, and Radouan Sadruck, 22, of neighboring Delta; and Michael LeBlanc, 25, of Vancouver. The 17-year-old free Port Moody, another Vancouver suburb, cannot be named under the Young Offender's Act. All four are active in local white power groups, flitting with the

Vancouver, where immigration has brought diverse racial groups into close and sometimes abusive contact, also boasts enough white racists to support its own rock band, Gill's Law. The band has performed its hymn-to-hate to the spirit of "Babes" (Sikhs HDY Wh) and "Wots" (Ghodas) for the Nuns and Oats, it stands for Will Of The Arya Nation. It is a white supremacist collective held annually at Hayden Lake, Idaho. According to one information reviewer on a U.S.-based white-supremacist Web site, the Gurudwara temple has taken over the support of Nirjeet Gill's widow and disabled son. And someone else is opening the floor for the early morning worshippers. □

Front. Arya Nation and a militantly racist skinhead group called the Northern Huns. Their arrests released an uproar that began in January, when Sol Litman, Canadian director for the Los Angeles-based Simon Wiesenthal Center for Holocaust Studies, called the Okanagan Valley town of Oliver, home of an Internet service provider for white supremacists, the "hate capital of Canada." Now, extremist groups have extended that label to the whole province—in the form of local officials. But how many other young B.C. men and women in the Vancouver area embrace the white supremacist cause is, frankly, unknown. Some estimate put the number of hardcore adherents in Surrey at 25, others at more than twice that. But there is at least sufficient interest in racist ideology for Wolfgang Drage, Toronto-based leader of the Heritage Front, to call Surrey "the most fertile recruiting ground" in Canada for his organization.

The sprawling fringe of suburbs around

Oliver, their aggression and raw power make them not for the weak of heart. This music gives warning to the music: "We're coming for you."

All the hate emanating in British Columbia is by no means the work of white supremacists. Roughly one-third of the 101 complaints that Vancouver Police classified as "hate/hat" offences last year were assaults on homosexuals—"gay-bashing." And not even all race-based hate crimes are committed by whites. "They're out there regardless of color, engaging in this type of activity, cutting across all racial, ethnic and religious groups," says RCMP Sgt. Craig McMillan, one of the two members of British Columbia's provincial Hate Crime Team. The unit—the first provincial squad of its kind in Canada—was created a year ago to combat the problem. And McMillan's biggest worry is not white racist skinheads at all; it is the resentment festering between natives and non-natives in the B.C. interior as the growing conflicts with oil need to settle land claims. An ironic additional concern is that among those claiming to combat racism, about 100 of whom demonstrated outside an Ottawa Law concert last September, "You have atheist activists," McMillan says, "who are prepared to take action as well."

What distinguishes our white racists, in British Columbia and elsewhere, is their use of music, pamphlets and the Internet to propagate a poisonous philosophy. White power lyrics, literature and Web sites dash an apocalyptic mishmash of neo-Nazi philosophy, Ku Klux Klan, fascism, pseudoscientific mythology and anti-government rage. In the wake of last week's arrests, Dougall called on Ottawa to devise new measures to combat hate on the Internet. And Surrey's McCallum said he planned to ask other municipal leaders to lobby the federal government to make possession of hate propaganda illegal.

But despite their penchant for military trappings, white racists hardly constitute a fighting force. And McMillan says, no evidence exists of premeditated carnage on behalf of white racist violence in British Columbia. By far the majority of hate crimes, he believes, are acts of violent impulse, committed out of "the notion that intolerance and racial bias are OK." Typically, he says, "You get young adult males, and they're hanging around in a bar. You inject alcohol, maybe drugs, and they try out their prejudices." That's what happened in the opening days of the New Year in Surrey and earlier when the five accused skinheads got on trial. They returned to court on May 6 to enter pleas. Meanwhile, the congregation of the Guru Nanak temple has taken over the support of Nirjeet Gill's widow and disabled son. And someone else is opening the floor for the early morning worshippers. □



AN OKANAGAN TOWN CAUGHT IN THE WEB

Bernard Kieft's house sits in the middle of a long dirt driveway. Near the gnarled trees by Kieft's front door is a rubber tire swing and the watchful presence of a dog named Samson, chained to an overhead wire. The scene is a peaceful rustic, except for the things the electrons securely lock on the door of a garage-converted office and the hostile signs tacked to the apple trees. Keep out. No parking. Private property. This signs is a measure of Kieft's disaffection with the intense public scrutiny he has been under for the past two years. The pugnacious computer operator in his mid-40s has been the subject of inquiry by the French police, anti-white racist groups, B.C. Tel, and the citizens of the Okanagan Valley town of Oliver, B.C., just a few kilometers up the road. And Kieft and his wife, Karen, have to insinuate some Jewish groups that, earlier this year, Sol Litman of the Simon Wiesenthal Center dubbed some Little Oliver population 4,500, the "hate capital of Canada."

This outrage arises from the fact that Kieft has maintained an Internet service provider for some very controversial clients, including Marc Lepine, a confederate of Nazi sympathizer Ernst Zundel, and lawyer Doug Christie, whose own clients have included Zundel and fellow Holocaust denier James Keegstra in Alberta. Some of the material available through Kieft's service, Fairview Technology Centre Ltd., was so noxious that the Anti-Defamation League of the B.C. Birth pressured B.C. Tel to pull the plug on the business. But last week, the problem was quickly resolved. And yet local service Valley Internet Providers, confirmed it was taking over Kieft's operation as of this week—and that it would not provide access for any of the controversial Web sites. "We're going to take over their customer base," said company spokesman Dan Hildebrand, "but only dial-up customers using the company supply for Internet access." We're not taking their Web sites [because] I'm not interested in getting into that."

For the people of Oliver, it was welcome news. Fairview's closure should be the negative edition, said councilor Bill Ross, adding, "Hopefully, it's the end of the hate capital of Canada." The label clearly bothered locals. "We're a friendly family community with an agricultural base and gorgeous country, not a hate capital," said resort owner Paul Bouchar. Few people in Oliver had ever suspected that Kieft, an introvert who was born there, but spent most of his 40 years in California, could engender so much controversy. Last week, he was unavailable for comment. But earlier, standing outside his house, gazing a few brief interview, Kieft had said he was simply standing up for free speech. "We recognize the right of my individual to express their opinions," he said. "Even if those opinions are loathsome to the majority of Canadians."

JENNIFER HUNTER in Oliver

Testing the recall law

British Columbia voters attempt to oust a disgraced politician

BY CHRIS WOOD

Qualicum Beach is quiet this time of year. The summer tourists, who regularly jam traffic on the winding ribbon of pavement that connects Qualicum Beach to Parksville and other resort and retirement towns along Vancouver Island's east coast, are still working away. After early visitors straggle along nearly empty sidewalks, soaking in the sun and the golden deths of daffodils in full bloom. But among year-round residents, two words bring out an unseemly bout of rage: Paul Bernsen. The former mayor of Parksville is now the member of the provincial legislature for Parksville/Qualicum, and has admitted to writing—under false signatures—at least 10 letters criticizing opponents and praising himself. Now, construction contractor Candy Gibbons, like many others in the riding, wants to add her own signature to something a petition to strip Bernsen of his seat. "He's not honest," she says. "He doesn't deserve his job."

He may not have it much longer. Many constituents, in fact, are dismayed that Bernsen did not resign on his own after admitting to sending the letters. Many people also web-signed the campaigners who began last week to collect signatures on the petition to oust the errant MLA. But for a few, change is mixed with more than a whiff of campaign fever as well—at the prospect of finally shaking off a redacting win for British Columbia's controversial recall legislation.

The law has been tried twice since the NDP government passed it in February, 1986—so far without success. During the most recent attempt, against two NDP MLAs earlier this year, critics complained loudly that the law only allowed disgruntled partisans to refresh the last election. The British Columbia Civil Liberties Association, a challenge of the recall law before the B.C. Supreme Court, argued that it violates the Constitution and the charter of

rights. Even Premier Glen Clark would concern that the law—approved in principle by 60 per cent of voters in a 1987 referendum, and widely supported in current polls—was being abused by "politicians trying to use it in a political way that was never intended." But recall now finally have found its poster boy in Bernsen. "This is what recall is all about," says Mark Robinson, the 23-year-old service station night supervisor whose name appears as the official proponent of

block capital letters on the front of the Parksville Qualicum Beach Morning Star screened on April 1. "Robinson is a liar, and we can prove it." In case readers doubted the weekly's sincerity, smaller letters beneath added: "... and that is on April Fool's Day." Robinson's petition is almost as direct. It's a more restrained "My MLA," states, "has lied numerous times to the public and his constituents regarding a letter he has written. I do not trust him as my MLA."



Bernsen leaving the Agassiz-Central highway, joined by his wife and his son

the recall petition. "It's a method for people to speak out against an MLA who has stepped off line."

The last time recall was put to the test, proponents argued that B.C. Education Minister Paul Reczek and fellow New Democrat Helmut Giesbrecht had betrayed their own stances in Prince George and Slave Lake by their stands on policy questions. Both attempts failed to amass the minimum number of signatures required: 40 per cent of a riding's eligible voters of the last election. This time, the issue seems simpler. As high

as a backbench member of the Liberal opposition in the B.C. legislature said last month—he now sits as an Independent—Bernsen had endured an earlier embarrassment. Within months of his election in 1986, the married 30-year-old former businessman acknowledged embezzling his MLA's pass on B.C. Ferries to demand free food. He described the affair as a "natural" mistake, apologized and repaid \$24 in charges. But the Morning Star had accumulated evidence of far more damaging behavior. On April 1, it published examples of Bernsen's

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handwriting side by side with portions of a letter sent to the paper by a "Warren Bentzka." That letter savaged an NDP minister and praised Robins as an "excellent MLA." The newspaper reported that Don Gamble, a former RCMP documents expert, had found common elements in words appearing in both examples of handwriting. They proved, and Gaglio, the Paul Reitsema and Warren Bentzka—whose address didn't exist and whose disconnected phone number formerly belonged to a hotel Reitsema had once owned—were one and the same. "He's your man," Gamble told the *Manning Sun*.

The MLA initially denied writing letters under another name. Then he admitted to reporters he had done so only once. But the Liberals expelled him from their caucus within hours of the paper's report. And over the next several days, evidence emerged of letters that Bentzka had written under other names during his tenure than a decade. In the legislature, a haggard Bentzka apologized. "I am ashamed and I apologize for not telling the truth about the letters," he said, and declared his intention to resign sooner or later. But he did not offer his resignation. Then on April 13, Bentzka issued a more dramatic saying he had accepted medical advice to take a two-week break, but confirming his intention to resign his seat—“overwhelmed by the encouragement and support shown these last few days.”

That support, it exists, is not evident on the streets of Bentzka's riding. Robins claims to have 300 volunteers willing to canvass for the 17,000 signatures it will take to unseat Bentzka. And many residents say that when the canvassers come, they will sign. “We know [Robins] is a friend for many years,” observed Gord in Mud, a retired police and community candidate for Parkerville mayor's job. Bentzka visited for provincial politics. “But he's discredited himself as an MLA. The legislature is for exactly what has happened here.”

Among the few exceptions to the chorus of condemnation are Bentzka's moderate supporters in an affluent part of Parksville overlooking George's Strait. “They've been very kind to me—I can't comment,” said one. Another, who refused to give his name, noted: “I don't agree with what he's done, but I'm not a big enthusiast of politics.” Bentzka himself remained in seclusion at his greygrown clapped home on a large waterfront lot, no one was answering the



If he won't do the right thing himself, the public have a right to do it'

door. At his four-room riding office beneath a Parksville radio station, a harrumphing constituency assistant, Chuck Feston, refused to answer most questions. But when asked whether a canvass had forced him to defend his seat's seat against recall, Feston conceded: “Not that I'm aware of.”

While proponents of the recall law have welcomed the Bentzka case, some ethicists continue to assail the legislation. Avard Horning, a University of British Columbia political scientist, fled the B.C. Supreme Court challenge with the British Columbia Civil Liberties Association. She claims the law dangerously erodes several constitutional rights—“including the voters’ decision, made in the majority of the ballot box, with a list of signatures gathered by a partisan” press. “They are some of the procedural guarantees of an election,” Horning objects. She adds: “People think ‘recall goes one of the legitimate governors’ powers [to dismiss an MLA] to the electorate. That is a violation of the Constitution.”

But to a fellow political scientist, Norman Raff of the University of Victoria, recall serves a purpose. “In most people's minds,” Raff argues, “even people with doubts about

recall, there is a place for it as a judicial function for specified kinds of behaviors.” And, adds Raff, Bentzka gives good grounds for keeping at least one form of recall. If he won't do the right thing himself, the public acting in a judicial capacity, have a right to do it.” Thomas McArthur, the retired businessman whose Qualicum Beach home is head quarters for the Recall Bentzka campaign, plainly agrees. “Ten a great believer in direct democracy,” says the spry 75-year-old, plotting the campaign on riding maps pinned to the walls of his two-car garage. “Thomas Jefferson is up here.” The recall campaign, he predicts, “will demonstrate what the people can really do.”

Perhaps. Whether a sufficient number of Bentzka's constituents will in the end agree to sign a petition saying he should be removed to the open legislature and his associates have until June 15 to return the required signatures to the chief electoral officer, who then has another 12 days to verify them. If the petition is accepted, Bentzka's seat would immediately become vacant. A by-election must then be called within 60 days. Reitsema, if he wished, could run again—Reitsema won some □

NATIVE SETBACK

The New Brunswick Court of Appeal overturned a lower court decision giving native unlimited access to commercially harvest trees on Crown land. The appeal court and last fall's ruling agreed in saying 18th-century treaties give local natives that right. Native viewers to keep cutting and to appeal to the Supreme Court of Canada.

CLARK'S QUANDARY

Former prime minister Joe Clark said he is considering running for the federal Conservative leadership. People have been telling him he could make a difference, Clark said, adding: “Frankly I have to assess just how real that difference might be, what the results might be for the party and the country.”

SUSPECTED OF MURDER

Toronto police were searching for Stephen Toussaint, 34, prime suspect in the murder of Bob Ivers, 49, whose corpse they found on April 16, stuffed into a body bag at the University of Toronto's pathology lab morgue, where both men worked.

CHARLES' WOES

The Parti Québécois' adulated Québec Liberal leadership candidate Jean Charest for suggesting the province should “all out” for a year attempt to eliminate the budget deficit in order to spend more on health care. Premier Lucien Bouchard mocked Charest in the national assembly, saying “Le résultat devrait être de plusieurs milliards,” and now Charest was undergoing his future cause colleagues.

GYPSY VICTORY

In an initial round of rulings, the Immigration and Refugee Board said that Gypsies from the Czech Republic are legitimate refugees. The board said one family fleeing social and harassment took home. About 1,400 Gypsies, or Roma, overwhelmed Toronto shelters last October after a TV report depicted Canada as a haven.

RADIOACTIVE SPILL

Some workers may have been exposed to high levels of radiation from a leak at a nuclear generating plant, but the spill was quickly contained. Ontario Hydro officials said they used about 100 tons of radioactive heavy water leached onto a concrete floor of the Darlington plant near Oshawa.



Blood feud in the Commons

Compensation for all who contracted hepatitis C through tainted blood—that was the motion tabled by Reform party Leader Preston Manning in the House of Commons last week. Manning's 160-plus, to go to a vote on April 26, was backed by all opposition parties. And with some Liberals critical of the government's March 27 compensation package—a \$1.1 billion payout only to the 20,000 people infected between 1980 and 1984—Prime Minister Jean Charest raised the stakes by saying he would veto the vote as a violation of confidence.

With the government enjoying a slim 13-seat majority, it was a move clearly calculated to force 31 solvent Liberal MPs into line. Charest also announced that he would return earlier than planned from his trip to Cuba this week in order to be back for the vote. But in a letter to Liberal MPs, Manning said Charest was trying to bully backbenchers at the expense of the 60,000 tainted blood victims excluded from the deal. “It is not the intention of the official Opposition to call for the government's resignation if this motion carries,” he wrote. “Our sole objective is to get compensation for all hepatitis C victims.” And signs of a looming backbench revolt, soon Liberals expressed frustration with the Prime Minister's Office. Salt Spring, Ont., MP Roger Galtway: “The PMO sort of got down its pants on the backs of everyone.”

Spousal redefinition

In a landmark decision, the Ontario Court of Appeal unanimously ruled that the definition of spouse in the federal Income Tax Act—“a person of the opposite sex”—is unconstitutional because it excludes gays and lesbians. The case was initiated by two Ottawa lesbians and their employer, the Canadian Union of Public Employees, after Revenue Canada refused to recognize CUPE's 7852 extension of pension benefits to same-sex couples. “Clearly, the broader impact of the ruling is that the federal government must reconsider the definition of spouse in all federal laws to ensure it doesn't discriminate against gays and lesbians,” said John Fisher, executive director of Equality for Gays and Lesbians Everywhere.

TAKING HIS SEAT:

Bob Quételbeau (left) Stephen Tremblay raised eyebrows among fellow parliamentarians when he stomped off with his Conservative chums, shouting it like a war cry, “Come back to us.” Tremblay, 24, and he took his seat to protest how hard it is for MPs to serve their constituents at a time when economic globalization is making it difficult for governments to act independently. Several MPs dismissed the stink, including Prime Minister Jean Chrétien. “So he has no chair any more,” Chrétien joked. “So he lost his seat.” But Tremblay, who intends to return the chair, claimed victory: “It was an act to shock and spark a public debate,” he said. “It had better results than expected.”



The chances of change

In Cuba and Washington, attitudes slowly shift

BY ANDREW PHILLIPS

I was, as Sherlock Holmes might have put it, the case of the dog that did not bark. Luis Delgado, one of Cuba's most popular singers, played Miami Beach last week, and what happened was... nothing. Twelve hundred fans turned out to cheer him on. But no one pocketed the event, and no one ate those eggs—as they did when another Cuban artist tried to perform in Miami two years ago. Cuban-American groups that once rallied against Delgado as an emissary of the ousted Fidel Castro did not bother to protest Delgado's visit. It was a concert like any other—which is itself was remarkable for Miami, where hardline Cuban exile groups have long held sway. Hugo Chávez, the Cuban-born producer who brought Delgado's solo debut to town, was elated. "We made history," he said.

Perhaps not history. But it was a sign that even at the epicenter of anti-Castro sentiment in the United States, attitudes are beginning to soften. A new generation of Cuban-Americans is redefining how it should deal with its homeland, while the community's leadership is divided as never before. To be sure, Washington holds fast to its 38-year-old embargo against Cuba. But in the wake of Pope John Paul II's visit to the island in January, cracks are appearing in U.S. policy



Chrétien and Clinton at summit, Eaton's new premises

The Clinton administration has eased sanctions and American business has stepped up its pressure to get into the Cuban market. Internationally the United States is more isolated than ever. Just last week, the UN Commission on Human Rights voted down a US-sponsored resolution to condemn Cuba's record in that area. Castro's foreign minister, Raúl Raúl, triumphantly hailed the vote as a sign that "we made up the peaceful, we can claim justice."

Inside Cuba itself, however, change is not so apparent. The Pope's visit may have given the Cuban government more respectability abroad, but independent monitoring groups say the human rights situation has, if anything, worsened. Prime Minister Jean Chrétien had to weigh these conflicting pressures as he prepared for his two-day visit to Havana this week—the first by a Canadian leader since Pierre Trudeau made a show of visiting the Americas by journeying there to meet Castro in 1978. Chrétien's plan called for him to spend less than two days in Cuba, then to officially open a new terminal at Havana's airport built with the help of a Canadian company and to meet twice with Castro. The question for Canadian officials was whether it was wise to reward Cuba's government with a visit when it shows no sign of increasing political freedom. The answer was, on balance, yes. In an interview with *Maclean's*,

Foreign Affairs Minister Lloyd Axworthy pointed to the Pope's visit and visits at the recent summit of the Americas in Santiago, Chile, to include Cuba in future meetings as reasons for Canada to continue reaching out to the Castro regime. "It was during Santiago there's a real need to break down the isolation," he said. "And because we already started that because we've got the reputation for being the good guys, that bridging attitude seems to have come."

Chrétien, in fact, made the opening move in August 1995 when he placed a personal phone call to Castro. Then went his senior foreign policy adviser, Jim Trelawny, to Havana for talks with the Cuban leader. The Prime Minister seriously considered going to Havana himself in January 1997, when Canada and Cuba worked out a 16-point accord that included cooperation in such areas as police and human rights. Indeed, Axworthy says that, though no new acknowledgments that the gains from the agreement have been at best modest, "It's given us a base we're building on, and we're trying to take it to go."

And even as they closed that the time was right for the Prime Minister to visit, Canadian officials were privately divided about the nature of Castro's regime. Since the Pope appealed for the release of prisoners in January, Havana has freed about 80 people held on political charges—including 14 who were allowed to travel to Canada. But several hundred more remain in jail, and the government has re-arrested some who were freed in the aftermath of John Paul's visit. Cuba's government shows no sign of breaking its habit of cracking down on even the smallest caption of dissent. They have almost Pavlovian reflexes on this stuff," one senior official in Ottawa said.

After that led the latest push along the three-way triangle between Ottawa, Havana and Washington. The latest Cuban critics of Canadian policy towards Cuba, not surprisingly, jumped to condemn Chrétien's visit. "It's appalling," said Marc Thériault, spokesman for Jean-Marc Hebert, the Liberal senator who chairs the Senate Foreign Affairs committee and was principal author of the Hebert-Burton law that punishes some foreign companies doing business in Cuba. "It's rewarding Fidel Castro for doing absolutely nothing." Some U.S. Cuban-watchers speculated that Canada might even suffer as a result of the visit. Richard Nuccio, a career special adviser on Cuba to President Bill Clinton, said Congress might be prompted to take away the President's power to waive some of the harsher provisions of Helms-Burton. But Thériault said that is unlikely. "This visit is a sideshow," he said dismissively. "Congress wouldn't dignify it with any action."

Significantly, even anti-Castro groups that oppose the U.S. embargo were skeptical of Chrétien's long-hoarded Delgado. Cuban-Americans, with Human Rights Watch in Washington, spent five days in Toronto fallowing the 14 Cuban who were released in March and allowed to leave for Canada. They concluded that conditions in Cuba's prisons have worsened, with inmates denied access to priests and legal for as long as five years in solitary confinement. Delgado suggested Canada could press Cuba



Chrétien and Clinton in 1996, friendly

Dealing with Fidel Castro

Since Fidel Castro's Communist revolution in 1959, the approach to Cuba by Canada and the United States have been a study in contrast. Key events:

1960: After Castro seizes power without compensation, Washington declares an economic embargo in Ottawa. Prime Minister John Diefenbaker says Canada has no quarrel with Cuba and trade will continue.

1961: Washington breaks diplomatic relations, and the CIA mounts its short-sighted Bay of Pigs invasion of Cuba. Canada maintains its diplomatic links.

1962: The Cuban missile crisis leads the United States and the Soviet Union to the brink of war before Moscow backs down and removes nuclear weapons it had installed on the island.

1970: Prime Minister Pierre Trudeau makes a friendly visit to the island. Miss Margaret rings to Castro.

1990: After four Cuban-Americans die when Cuban boats drown two coast, U.S. planes headed towards the island, the U.S. Congress passes the anti-Castro Helms-Burton Act. Canada leads international protests against the law.

1997: Foreign Affairs Minister Lloyd Axworthy visits Havana and signs a Canada-Cuba co-operation agreement.

1998: Washington relaxes some lesser sanctions. Prime Minister Jean Chrétien confirms he will visit the island—provoking U.S. criticism.

authorities to get rid of catchall offenses such as "contempt" and "disobedience," which are often used as instruments of U.S. government. "It's leading foreign investors in Cuba," she said. "Canada could encourage more leverage."

But such is the moral power of the Pope that his most principled supporters return to it—sometimes without corresponding concessions by the United States. It was John Paul's visit that gave the gently anti-Castro Cuban-American National Foundation who first proposed a modest relaxation in sanctions only days after John Paul left Cuba. They suggested allowing additional shipment of American food and medicine to Cuba, as long as they went to independent groups like the Catholic Church, and not to the government. Clinton accepted their suggestions in late March, and added some measures of his own. For the first time since 1994, Washington will allow Cuban-Americans to send up to \$1,700 a year to relatives in Cuba. And humanitarians groups will be allowed to charter direct flights to Cuba from the United States.

Those measures do not affect the embargo itself or Helms-Burton, which has discouraged foreign investment by punishing foreign companies that invest in Cuba, property owned by American firms before Castro's communist revolution. But they are a sign of changing views at the top, and that has forced the 17-million-member Cuban-American community to rethink its approach. Even before the Pope's visit, it was ending from the death last November of Jorge Más Páez, the Miami businessman who founded the anti-Castro foundation in 1981 and turned it into a powerful lobby group that virtually dictated American policy towards Cuba. Since Más died, his ligures have been struggling for supremacy. So far, the older Cuban-American members of Congress from south Florida appear to be emerging as the new leaders.

More importantly, attitudes are changing fast among ordinary Cuban-Americans, especially the young. One turning point came last fall when singer Gloria Estefan, an icon for Cubans in the United States, spoke out. Estefan did not write a letter to the *Miami Herald* decrying members of a local arts commission who had suggested that Cuban artists be allowed to perform in Florida. The map was too far. Estefan was interviewed on Miami's Cuban radio stations by callers who questioned her position and threatened to burn her CDs.

Immediately afterwards, though, came a backlash against her critics. Herald columnist Luis Balenas wrote that it was "the beginning of something truly significant in Cuban Miami, a Miami governmental shift" from older exiles who fed Castro's revolution nearly 40 years ago to younger people with more flexible ideas. "There have always been 40 to 50 per cent of us who wanted a softer line towards Cuba," said Guillermo Gruner, a sociologist at Florida International University in Miami who studies Cuban-American attitudes. "Now these folks are talking more openly about it." After almost four decades of hostility however, change is painfully slow—in Miami, in Washington, and, as Chrétien was likely to find in Havana.

RON SPOFFORD/HAMILTON/GRANADA



WORLD BRITAIN

The Blair phenomenon

A year after his landslide, the prime minister is more popular than ever

Rober Cook could not resist the temptation. Called upon to deliver the first in what is certain to be a week-long series of ministerial speeches celebrating the British Labour party's triumphant return to power one year ago, the country's combative, occasionally acerbic prime foreign secretary was a picture mood last week as he stood amid the Grange apartments at London's Royal Society for the Arts. The impudent May 1 anniversary, he cheerfully told his audience of free-marketeers, was merely "the last milestone" for the new government. Under Prime Minister Tony Blair's leadership, he continued, the Labour party had achieved such unprecedented lengths of popularity that he was only slightly looking forward to capturing another similar anniversary—"perhaps even for two decades ahead."

Cook may someday rule those words lost, for the moment at least, Britain's Labour

**SARAH CAME
IN LONDON**

government as certainly rising high. High, in fact, in that it was on May 1, 1997, when Blair led the party to a landslide victory at the polls, winning a massive 179-seat majority in the House of Commons and reflecting the worst defeat the Conservatives had suffered since 1922. If the public opinion polls are correct, 50 per cent more British voters would choose Labour today than they would have a year ago. And by now—narrowly—Labour has won the most of the credit casts on the shoulders of the slim 44-year-old with the wide grin and receding hairline. "Tony Blair, after one year in office, is the most popular prime minister in British history," says Roger Mortimer, an analyst with Market Opinion and Research International, the United Kingdom's leading pollster

"More than 82 per cent of Britons—at present are satisfied with the job he's doing. And that is an approval rating he has consistently maintained since his election, something that no other prime minister has ever managed, certainly not John Major, not even Margaret Thatcher."

No longer are there voices, as there once were, more than ready to denounce Blair as "Bogey" or "Phoney Tony," an essentially empty political figure with not much more in his arsenal than belligerent charm, a smooth patter and a keen eye for his own advancement. Even such a persistent critic as Coopad Black's *Sheffield Telegraph* offered a measure of faint praise last week, describing Blair effusively as "a political phenomenon in search of a cause." His record over the past year is a gratic, however, that remains as well under way. The government can point to a number of solid achievements over the past 12 months (it would do credit to many

Western Palestinian refugees in Jordan that week, a move to the "radical cause."

political party, especially on that front, out of power for 18 years.

Now, in light of Blair's accomplishments in, of course, the downing project of the century, the British is engaged in Northern Ireland. The draft agreement concluded on Good Friday will have to be confirmed by the electorate on both sides of Ireland's borders on May 22. But if the voters agree, Blair will have played a key role in initiating an end to the Belfast sectarian stalemate. He has come more than 2,000 kilometers to the hot three decades and developed Anglo-Irish relations to a longer than Britain's United groups has already proposed. Blair—along with Irish Prime Minister Bertie Ahern and former U.S. Senator George Mitchell—won a Nobel Peace Prize.

With that judgment may the presumption. Blair's efforts in Ulster may have paved the way for his burgeoning role as a conciliator in a conflict arguably far more intractable than that between the Irish and the English in the Middle East between Israel and Palestine. During a five-day, four-nation Mideast tour last week, Blair was able to use his peace-making credentials not to maximize his personal powers and his close working relationship with U.S. President Bill Clinton—to help resolve the mounting accusations of Israeli-occupied land for Palestinian state in Gaza and the West Bank. On May 4, Blair—carrying the European Union president—will host a gathering in London involving Israeli Prime Minister Ehud Barak, Palestinian leader Yasser Arafat and U.S. Secretary of State Madeleine Albright.

Blair's chances of concluding his Irish accomplishment at the suspending Belfast talks in London remain slim. It is still not clear whether Netanyahu and Arafat will even meet for face-to-face discussions rather than conduct negotiations separately through Blair. Although, the two former foes now have spent a week together in Washington, with tacit Palestinian support, want Israel to withdraw from 10 percent of territories now occupied. In his view, the 1993 Oslo agreement, Israel, demands more Palestinian action to curb militant terrorism, is holding at least back more than one per cent. Still, the conference itself marks a step forward, another how-much-and-again-as-old negotiations in London privately remarked. "These readings [the possibility that Blair may be able to work some of the magic that has made him so popular at home]

"It has, however, required more than a slight of hand to project Blair in the place in popular esteem he now occupies. "He has shown himself to be a political genius," argues Anthony King, a professor of government at Essex University. "He has repositioned the Labour Party from the moderate left to what I like to call, for want of a better term, the radical centre." Blair's constitutional program certainly amounts to a radical reform of the British political system. He has already introduced sweeping change in government Scotland and Wales with their own elected legislatures. Northern Ireland will be the last of the sectarian conflict to be brought to an end. The legislative whole has been set in motion to abolish the hereditary privileges of the House of Lords, a process that will eventually see hereditary peers lose their hereditary right to an hereditary seat in Parliament's upper chamber. These are well under way to transform London's last major institution as an appointed to an elected post. There are, as well, advanced discussions taking

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Moving quickly

Since Labour's massive victory on May 1, last year, Prime Minister Tony Blair has:

- Helped negotiate a peace agreement for Northern Ireland.
- Held referendums approving elected assemblies for Scotland and Wales.
- Pledged to abolish hereditary peersages in the House of Lords.
- Made Britain more friendly to European integration, while insisting that it will not yet a single currency for at least four years.
- Revived the "special relationship" with the United States through close ties with President Bill Clinton.
- Laid the way for an elected mayor of London.
- Allowed the Bank of England to set interest rates independently.
- Renewed spending on health and education and began an ambitious welfare-reform program, financed in part by a one-off Windfall Tax on profits of privatized state utilities.
- Kept income taxes unchanged.

done as possible replacing Britain's time-honored first-past-the-post electoral system—the procedure used in Canada—with the kind of proportional representation used in most of Europe.

As these radical, even revolutionary, constitutional reforms have been unfolding, Blair's government has also managed the difficult task of pursuing conservative fiscal policies while reducing taxes into sorely underfunded health, education and welfare programs. Chancellor of the Exchequer Gordon Brown's first budget, presented at March, held the line on taxes and spending. At the same time, the government pumped an extra \$20 billion into the ailing National Health Service and an additional \$5 billion into education, and it provided \$5.5 billion for an entirely new program the government

launched a "New Deal" for the unemployed, financed for a one-year Windfall Tax on profits of privatized government bodies.

The government's finely tuned balancing act has won plaudits, albeit grudgingly, from some unexpected quarters. "They've done a much better job on public expenditure than I thought they would have," admits Dennis Deacon, editor of the right-leaning *Sunday Telegraph*, whose father, Nigel, was a long-time chancellor of the exchequer under prime minister Thatcher.

Blair's massive program has been aided by circumstances, not least a housing boom with an 18-month inflation rate of 2.6 per cent and falling. The prime minister, as well, has benefited largely from the lack of any real opposition from the Conservative leader William Hague, who, at 37, seems more than ready to ride his last until enviable are more propitious for Tory fortunes. "The Conservatives are off to a trumpery start," notes the *Sunday Telegraph's* Lawson. "And Labour, unlike the Tories under the last government, are off to the ideal of leadership from the very first moments of office."

To the dismay of the parliamentary opposition and the surprise of many independent observers, Blair's team of broad-based, cross-party ministers have proved to be remarkably streamlined for newcomers. Foreign Secretary Cook has managed to finance, despite personal problems relating to a law suit with his secretary Sham, his quickly named team work after discarding his wife Chancellor Brown, whom Blair also nominated for the party's leadership, is widely seen as performing well, as is Deputy Prime Minister Tony Blair, the former Secretary Jack Straw, Education and Employment Secretary David Blunkett, Scottish Secretary Donald Dewar and Northern Ireland Secretary Mo Mowlam. "It's a team with a very popular and very efficient sound," says Brown University's King.

The last has struck the old dinosaur note. The government landed in trouble over over-expecting some racing from a ploughed but fallow inheritance when it was revealed that Foreign One-day Cricket's £10-million-a-year deal and several of Blair's ministers have found themselves in legal or personal scandal.

But Blair himself has remained free of taint. His wife, Cherie, has stayed largely on the sidelines, pursuing a successful career as one of London's leading bartenders, while caring for the couple's three young children, Euan, 14, Nicholas, 10, and Kathryn, 9. Blair has no regrets about his fate; he has given public voice only to one. He sold a group of schools last week that, unlike his 1997 predecessor William Gibson, "I no longer have time to read a book in the afternoon." No wonder.

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ANYWHERE COMMUNICATIONS

The new era of mobile satellite telephony brings true meaning to global communications

With files from Alex Brinkley

Wireless Internet and Local Loop Solutions
Score Big in Ernst & Young Consumer Survey

by Trevor Marshall, Report on Wireless

Companies planning to offer wireless Internet access or local loop to consumers have some encouraging statistics to add to their business plans. A recent public opinion survey conducted by Angus Reid Group for Ernst & Young finds strong support amongst consumers for these applications – providing the price is right. With the CRTC's recent decision to remove the prohibition of joint marketing of wireless and wireline services, the poll also contains some timely information on the price that consumers are willing to pay for a combined wireless/wireline package.

The survey of 1,000 adults concludes that 51 per cent of Canadians are likely to buy a reasonably priced service for Internet access. Respondents aged 16-34 were most likely to favour such an offering, and a correlation was also noted between education level and acceptance. However, it should be noted that the term "reasonable price" was left up to respondents to define.

The poll also determined that 56 per cent of Canadians would likely replace their landline local loop service with a wireless alternative – presenting the wireless replacement is priced at the same level as their traditional service. Young Canadians and men were among the most likely to adopt wireless service.

In terms of the cost of bundled wireless/wireline service, net including local rates, 40 per cent of respondents indicated \$25 per month would be an attractive price for such a package. An additional 32 per cent were willing to pay up to \$35 per month, while 16 per cent would go as high as \$45 per month. Again, respondents aged 16-34 were more likely to place more value on such a package.



No buzz

Introducing Sony Digital PCS. The new digital phone that eliminates interference, static and the silence of dropped calls. With the Sony phone, your conversations have crystal clear, digital sound. The lithium ion battery gives you 4 hours of talk time. Sony Jog Dial™ Navigator lets you scroll through menus and 99 memory locations. And, with advanced Sony technology you'll get Caller ID, Paging and Voice Mail Alert. Swarm to a Mobility dealer and get yours today.



SONY



Orbcomm, Iridium and Globalstar are well advanced in their programs for launching satellites into low-earth orbit and beginning to offer data and voice service during 1998. Following closely behind is ICO Global Communications. When the various offerings are all added up, the number of satellites these systems propose to launch runs into the many hundreds.

A potential subscriber to satellite communications will find that the providers offer a lot of similar features and some intriguing differences. Before buying one, the customer will have to carefully assess his or her needs and how well the provider can fulfill these needs and at what prices. The voice services will all offer hand-held dual-mode phones which work with cellular service, and when that's not available, beam signals to a satellite. The differences between the service rests in what happens once the signal reaches the satellite.

Probably the most advanced company in terms of satellites



launched, is Orbcomm. However, it only has to launch 26 satellites to complete its constellation and already has many of them circling the planet. The rest of them will be circling the globe by fall 1998. Meanwhile, data testing on the satellite system is well under way, while Orbcomm Canada is working with 42 service resellers to find Canadian customers for this global service.

Imagination may be the only limit to the use of Orbcomm. Bill Meder, Orbcomm's President and CEO, sees it as an ideal way for companies to track remote or mobile equipment. "It could have applications in the oil and gas industry for monitoring pipelines, well heads and inventory. It can also receive commands to perform functions. Because it has a built-in ground positioning system, it could be used in transportation, to track trailers, railcars and marine buoys that track weather or currents."

For customers looking for more than data transmission, Inmarsat and Globalstar will begin commercial service during 1998 and hit its full stride in 1999. To the subscriber, the two services will seem much the same. The phone will seem a bit chunkier than the slim cell phones now available, but as a trade off, it will offer voice, data, paging, fax and position-location features.



BILL MENDER
PRESIDENT & CEO
ORBCOMM CANADA

Both services are aimed at international travellers and folks who must stay in touch even though their job or hobby takes them beyond the reach of wireless or cellular phones. The services should be especially attractive in developing countries, where the demand for phone service has outstripped the expansion of phone lines and cells.

However, there are some major differences between the two services. Globalstar will have 40 low-earth orbit satellites in service by late 1998, with the full array of 48 deployed by 1999. "When a customer makes a call, it will go to the nearest available satellite, although there should be two to four of the birds overhead at any time," explains a background document from Globalstar. "As satellites are constantly moving in and out of view, they will be seamlessly added to and removed from the calls in progress, thereby reducing the risk of call interruption."

Globalstar will have about 100 gateways around the world, including one nearing completion in Smith Falls, Ont., and one to be built in High River, Alta., in 1998. The gateways will be plugged into the international telephone network. The company says its satellites will mainly be signal reflectors. All of the sys-

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guides written in plain language. Innovations in client service that we introduced on both our networks, like billing

by the second and no contracts to sign, are on their way to becoming industry standards. Of course, no one knows exactly what the future holds. But, with Clearnet, you know it'll be friendly.



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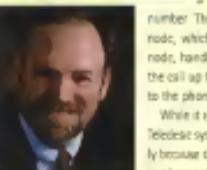


ter's call processing and switching operations are on the ground, where they are accessible for maintenance and can benefit from continuing technological advances.

Globstar estimates that it will cost \$2.5 billion to get its system into operation and predicts it will be in a positive cash flow by 1990. It will be going after a market of more than 30 million potential subscribers for satellite phones. The company thinks that its product will be an affordable, high-quality system. For Canadians, the handheld phone should retail at around \$1,800, and calls should cost about \$1.80 per minute.

Individual subscribers will have unique telephone numbers, which will permit them to receive calls anywhere in the world. Globstar says its digital service will provide a high-quality voice transmission, and with the satellites only 1,410 kilometers above the Earth, there should be no perceptible delay during conversations. Taking aim at Iridium, Globstar says this should be an advantage over satellite-to-satellite switched systems.

While Iridium offers a similar array of voice, data, fax and paging services around the world, accessible through a handheld dual-mode phone, its 66 satellites will pass calls among them-



Maurice ROMPKY
PRESIDENT
IRIDIUM CANADA

selves until the intended receiver of the call is located, and the call is beamed to the ground. Iridium Canada president Maurice Rompkey says they are putting together a network of 60 to 75 devices across Canada to sell the service, probably as an add-on to what they already offer.

Pre-commercial activation of the service is scheduled for June 1988, and customers will be asked in the spring to participate in a test of the service. It promises to be a busy summer for Iridium, with full commercial operation to commence in September.

It will be several years before ICO has any satellites in the skies. But when they do, they should be able to offer a lower cost service because of a smaller constellation of satellites and a concentration of technology on the ground. The ICO system, being developed by an internationally supported consortium with headquarters in London, England, has raised \$1.5 billion U.S. in investment from 47 organizations and plans to offer commercial service by the year 2000. One interesting feature of the satellite phone is how it will find a roaming subscriber, explains spokesman Mike Johnson. A satellite phone regularly updates the system on its location so a callor only has to dial the phone's number. The call goes to the closest ICO access node, which translates it by ground links to the node, handing the person being called. It beams the call up to a satellite, which then sends it down to the phone on the ground.

While it is the furthest from being launched, the Telesat system still attracts a lot of attention, partly because of its size, its \$8 billion price tag and the involvement of Microsoft's Bill Gates and Boeing Corp. It plans to have 288 satellites orbiting the Earth by the middle of the next decade, to provide broadband Internet access, videoconferencing and interactive multimedia services. The service will be offered to the public through existing telephone companies and government agencies.

The choice for phone users will expand rapidly during the next few years as companies go after every customer they can find. New uses and features will make the satellite phones even more valuable to the subscriber. ■

WIRELESS MESSAGING

Wireless messaging may mean different things to different people, but to Canadian paging companies, it represents a new challenge to bring a suite of exciting two-way communication services to the Canadian market. Paging companies are looking to position themselves to differentiate their services from cellular, PCS and even traditional paging services, according to David Neale, Chairman of the Canadian Wireless Telecommunications Association's Paging Council. Neale explains that two-way alphanumeric,

voice paging and wireless e-mail are just three potential applications that may establish the special capabilities of tomorrow's paging networks.

Paging in Canada is taking off with renewed enthusiasm. Even conventional

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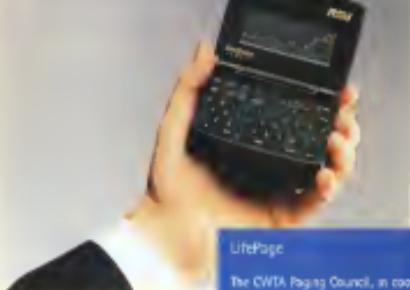
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LifePage

The CWTIA Paging Council, in cooperation with the Canadian Association of Transplantable and the Canadian Transplant Society, manages the LifePage program in Canada. LifePage provides pages to people waiting for an organ transplant, allowing freedom for patients to go about their daily lives and activities with the comfort of knowing they can be reached whenever they are.

The LifePage program has a single point of contact through CWTIA to serve all LifePage participants — organ recipients, transplant centres and members of the Paging Council, who supply the pages.

Right now thousands of Canadians are waiting for one very important call that could save their lives. The LifePage program makes that wait a little easier.

Paging is seeing renewed interest as more and more Canadians turn to the benefits of paging. In recent surveys conducted by CWTIA, 80 per cent of paging customers in Canada consider their paging to be important with a 91 per cent satisfaction rate among users. What's more,

WIRELESS FACTS

INVESTMENT AND JOB CREATION IN CANADA

■ Over \$6 billion has been invested in wireless communications infrastructure over the past 12 years.

■ The Canadian wireless industry generated over \$3 billion in revenues in 1996.

■ Over \$1.6 billion was invested in wireless infrastructure in Canada in 1996 alone.

■ In the next five years, LMCS (Local Multipoint Communications Systems) will pour between \$1 billion and \$3 billion into the economy, through R&D and infrastructure.

■ Over 12,000 Canadians are directly employed in the wireless industry today, with thousands more in ancillary positions. An estimated 10,000 more direct jobs will be created in the next five years.

■ The demand for highly skilled wireless communications specialists is so great, Canadian post-secondary institutions are creating programs specifically geared to the wireless industry.

the same survey showed a strong growth pattern emerging for paging, with growth in the double-digit area predicted for the next few years.

Until now, there's been a lack of awareness in Canada about the enormous benefits of paging, not only for business users but also for the average consumer. This is about to change as Canadian paging companies prepare to launch a major paging awareness campaign. The campaign, developed by CWTIA's Paging Council, is intended to educate Canadians on how paging fits into their daily lives. Paging is really a tool that allows individuals to better manage their time to stay in touch with their friends and loved ones, explains Neale. Because of its small size, ease of use, reliability and excellent coverage, a pager offers a personal and discreet way of helping to manage a busy lifestyle. The message to Canadians is that paging is a technology for today's lifestyle.

With this renewed interest in paging, the time is right to look at new innovative applications to keep pace with both business and lifestyle needs. In response, wireless carriers, manufacturers and software developers are designing and building the products for the age of wireless messaging.

THE CANADIAN CONSUMER MARKET

■ Wireless communications is creating a fundamental shift to personal, not location-specific, communication.

■ Wireless phones are the fastest growing consumer product in history. Three thousand new subscribers sign up for service every day. That's an annual growth rate of more than 30 per cent.

■ Over six million Canadians currently use a wireless device on a daily basis, including four million wireless phones, 1.25 million pagers, one million mobile radios, 10,000 mobile satellite phones and 10,000 mobile data units.

■ Almost one-third (29 per cent) of Canadian households own or have access to a wireless phone.

■ More than one-tenth (12 per cent) of Canadian households own or have access to a pager.

■ The average bill for wireless phone service in Canada is approximately \$85 per month.

■ Canadians place over 5,000 calls a day to 9-1-1 from their mobile phones.

■ On average, Canadians use their wireless phones approximately 180 minutes per month. This compares to 180 minutes in Germany and 130 minutes in both the U.K. and the U.S.

■ By 2005, 40 per cent of Canadians or 10 million people, will own a wireless phone.

Products by Motorola, Research in Motion and others now incorporate full keyboard capabilities and graphical displays in units that both look like pagers and fit in the palm of the hand. Users can connect to the Internet or a corporate Intranet and store e-mail addresses, fax numbers and incoming and outgoing messages.

With the incredible growth of the Internet over the last few years, there is growing enthusiasm that access to electronic messaging in a mobile environment is the next big growth area. What we're seeing is a real convergence of mobility and the Internet, notes Neale. If there's a killer application out there, it's got to be mobile e-mail.

Beyond this, the sky's the limit for turning the conventional paging business into one of the most dynamic high-growth sectors of the industry. ■

PCS: A Canadian Success Story

With files from Trevor Marshall

The deployment of personal communications services (PCS) has arguably been one of the greatest success stories in the Canadian wireless industry. Since the Minister of Industry, the Hon. John Manley, awarded four national PCS licenses in December 1995, the winners – Macmillan Telecommunications Inc., Cleartel Communications Inc., Rogers Cantel Inc. and the members of the Mobility Canada consortium – have invested hundreds of millions of dollars in building and upgrading national networks. Millions of dollars have also been spent on building each company's brand and distribution channels. Along the way these PCS providers have turned some of the conventional thinking about wireless phone service on its head – and have blazed a trail in the North American market with innovative service offerings and pricing plans.

In 1997, many U.S. carriers struggled – and some failed – to



ROBERT MACKENZIE
V.P., PCS AND
PRODUCT DEVELOPMENT
ROGERS CANTEL INC.

deal with numerous challenges, including spectrum auction costs, network financing and strategic and valuation uncertainties. Meanwhile, Canadian wireless carriers led the pack when it came to attracting capital for investment in telecommunications.

In a report presented at the Canadian Telecommunications Policy Conference in Ottawa in February of this year, Scotia Capital Markets noted that wireless and PCS companies raised \$2.5 billion through public equity and debt mechanisms in 1997.

The existence of four robust competitors led to aggressive pricing schemes. The combined rates for access and airtime are among the best in the world, and Canadian companies

introduced a number of innovative plans to North America, including the no-contract option, flat-rate pricing for airtime that can be used any time, simplified roaming schemes and per-second billing. And now that all four competitors have entered the market, consumers can compare each company's offerings, develop a better understanding of what's available

and make the buying decision. Most PCS providers therefore expect the growth rate to quickly rise. "I think PCS has really taken hold," Robert MacKenzie, VP of PCS and Product Development at Cantel, said. "We saw in the fourth quarter that more than 75 per cent of our sales activity was on digital, which was ahead of our plan and our anticipation. I think digital has really captured the hearts and minds of Canadians. I'd have to believe that 1998 is going to be an 80 per cent to 90 per cent digital year when you look at the whole industry."

In terms of the absolute number of new people to the wireless industry in Canada, more than one per cent of the Canadian population joined wireless in the fourth quarter. There weren't that many clients in wireless in the first four or five years – and they all came on in 30 days," George Capo, President and CEO of Cleartel Communications Inc. pointed out. "I think 1998 has started off fairly stable, and I think we'll see good growth. But people shouldn't be disappointed. If more people are buying phones in a quarter than ever before, that's a good quarter."

In early February, Cantel reported that it had signed up its 250,000th PCS client. While the company attracted new wireless users to PCS, a large number of its PCS customers came from the existing customer base. "We've spent a lot of time and effort communicating with our existing base about PCS and have been upgrading a lot of our valuable customers," MacKenzie explained. "We knew that, by definition, a lot of the cellular customers were early adopters, and we felt it was important to go out to our customer base on a select basis and move them from an analog phone and an analog price

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plan to a digital phone and a digital voice plan."

The Majority Canada consortium – which does not break out separate PCS and cellular subscriber figures – reported 172,000 net subscriber additions in the fourth quarter of 1997 and 495,000 net additions for the year. Bell Mobility alone had 80,000 net activations for cellular and PCS in the fourth quarter of 1997 and reports high take-up of additional features, such as Caller ID and Message Centre.

As new entrants to the wireless phone business, Microcell and Clearnet had nowhere to go but up. But the level of interest in their offerings surprised even the carriers themselves. Microcell, for example, predicted that it would have 30,000 customers by the end of its first year of operation. The company ended the year with 86,000. "It's easy to see we were more than pleased with that – and we did that in a market that had a bit less growth than we expected," Microcell President and CEO André Tremblay said.

Clearnet signed up 50,000 PCS clients in the fourth quarter – a figure believed by the company to be a record first quarter for any wireless service provider in North America, and more than double the take-up that Clearnet anticipated.

Looking ahead, the carriers will continue to build their digital coverage, and all expect strong results in 1998. "When you start something, you have to build momentum," Tremblay pointed out, adding that Microcell's plans call for ending this year with close to 300,000 customers. "It's not suggesting that it's now an easy task, but now that we have some speed it'll be easier to keep that speed than it was to build it."

Cope sums up 1997 by describing it as the year in which the promises of PCS were delivered. "The promises were affordable wireless for the masses, and a better grade of service than what we had in the first generation of wireless voice technology – which was great, but had seen its day, especially in major markets," Cope explained. "All four carriers have delivered on that. Now, it's still early days, but very definitely that's what happened." ■



ANDRÉ TREMBLAY
PRESIDENT & CEO
MICROCELL



CLEARNET LAUNCH, GEORGE COPE (LEFT) PRESIDENT & CEO CLEARNET, AND GEORGE CCOPE (RIGHT) V.P. SALES & MARKETING, CLEARNET



PCSPLUS LAUNCH, BOB FERCHOT (LEFT) BELL MOBILITY CHAIRMAN & CEO, INDUSTRY MINISTER JOHN MANLEY (RIGHT) AND SPORTSCASTER CLAUDIA-LAURIE CORBEIL

How Canadians Communicate Canadian WIRELESS 1998

What happens when you gather together a famous inventor, dozens of top wireless telecommunications industry leaders, Industry Canada's Deputy Minister, André Philiipe Biron, and a world-class trade show? A Canadian telecommunications event unrivaled by any other!

In addition to keynote speaker Dr. Roberta Bondar, special guests of this year's Canadian Wireless include Industry Canada Deputy Minister Kevin Lynch, Carly Fiorina, president of Lucent Technologies' Global Services Provider Business, and Micheline Bouchard, president and CEO of Motorola Canada Ltd. The conference features three "Supersessions": "The Global Dimension" explores issues from the new generation of mobile satellites to the next frontier in third generation mobile; "Messaging in the '90s" takes a look at the leading edge wireless data applications from Internet access to telemetry; and "Wireless in Canada" brings the leaders in Canadian wireless communications to centre stage for an annual look at the state of the industry. The nine focus sessions cover topics as diverse as Growing the Business: A Competitive World and The Future is Now.

Admission to the trade show is \$325 for a three-day pass. All conference fees are separate. For registration information, visit the CWIA Web site at www.cwia.ca or contact our fax-on-demand service at (416) 361-8528.

Trade Show hours are Wednesday, May 20, and Thursday, May 21, from 10 a.m. to 5 p.m., and Friday, May 22, from 10 a.m. to 2 p.m. The "Wireless Broadband" session is held on Tuesday, May 19, from 8:30 a.m. to 4 p.m.

What's it going to take

To ADD SUBSCRIBERS AND DRIVE USAGE THROUGH THE ROOF?



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It's How Canadians Communicate

May 20 - 22, 1998 Metro Toronto Convention Centre

Between May 20 and 22, thousands of delegates will converge on the Metro Toronto Convention Centre for Canadian WIRELESS 1998. For members of the industry, it's more than an annual convention - it's a celebration of the industry's enormous success in building the future of telecommunications in Canada.

The 29th annual Canadian WIRELESS Trade Show and Conference provides a unique forum for the Canadian wireless industry to join together under one roof. Convention chairman Leonard Katz of Rogers Cantel Inc. points out that more than 180 exhibitors will showcase the latest in cellular and PCS communications, mobile radio, paging, mobile data, mobile satellites and fixed wireless and will feature the most recent advances in software and wireless networks. Informative sessions and programs will cover the most important issues facing the wireless industry today.

Additionally, Industry Canada, the Communications Research Centre and CRTC will present a one-day pre-convention international session on May 19, "Winning Broadband - Canada Paving the Way." This session will focus on Canadian wireless broadband technology in LMDS, 5 GHz and 38 GHz and will bring together the leading equipment manufacturers, service providers and Canadian government officials. More than 250 representatives from around the globe are expected to attend.

"The wireless industry is one of Canada's great success stories, bringing state-of-the-art wireless communications to Canadians," states Roger Poirier, President and CEO of the CRTC. "There are more than six million Canadians using a wireless device on a daily basis, and with new services and products on the horizon, the growth of the industry will continue to be spectacular."

"This is an extremely important industry for this country," emphasizes Poirier. "The industry not only provides the tools for Canadians for added productivity, convenience and peace of mind, but has created tremendous opportunities for employment.



ROGER POIRIER
PRESIDENT & CEO
CRTC



LEONARD KATZ
CONVENTION CHAIRMAN
ROGERS CANTEL INC.

In the high technology sector the important point is that Canada is a world leader in developing wireless technology and services. Our networks are the best anywhere, and Canadians today benefit from some of the best pricing of services around the globe," concludes Poirier.

But this is just the beginning, notes Poirier. "What we are seeing today is the emergence of new, powerful technologies, such as mobile satellites, that will bring the wireless revolution to all Canadians. Even fixed wireless systems such as Local Multipoint Communications Systems (LMCS), are about to challenge traditional telephone companies for business and residential telecommunications services. Building on this is the convergence that is happening between mobile communications and the Internet. Being able to access the Internet and e-mail messages from hand-held mobile devices will soon become commonplace and will drive the industry to new heights."

Indeed, the high-tech sector of Canada's economy is growing at such a pace, it's struggling to find qualified workers to fill the sea of job vacancies. Quebecor Communications Inc. has seen its workforce jump from 230 in 1988 to more than 3,400 today. Newbridge Networks Corporation plans to hire 4,000 new workers over the next four years, and Northern Telecom will expand its Ottawa operation, creating 5,000 new jobs.

Recognizing the need to address this demand, CRTC has added two new components to Canadian WIRELESS. On May 20 and 21, The CEO Group, Canada's leading provider of executive recruitment services, will present its Wireless Career Exchange. On May 22, a Career Education Day will promote awareness of current and future employment opportunities in the wireless telecommunications industry. Human resource professionals from participating exhibitors will be on hand to provide information and education paths necessary for a career in the wireless industry. More than 150 high schools have been invited to participate. ■



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Premier at last

Russia's parliament finally confirmed 35-year-old Sergei Kirienko as prime minister after earlier rejecting him twice. Deputies voted 251 to 23 in a secret ballot that masked which Communists defied leader Gennady Zyuganov, who opposed Kirienko on grounds he is too inexperienced. President Boris Yeltsin nominated the former banker and almost after firing the entire cabinet in March. Legislation forced new elections if they reported him a third time, and many feared losing their seats.

Child-murder crisis

Belgium has plunged into political crisis after a notorious child-murder suspect escaped custody for three hours. Marc Dutroux, charged with kidnapping six girls and murdering four in a child-sex scandal, overpowered his escort and disappeared from a court in the southeastern town of Roulers. After a massive search, he was recaptured in the nearby countryside. Two top ministers resigned and the opposition planned a no-confidence vote.

Teen killer executed

Georgia pronounces a man who was 17 when he committed a murder now executed in Huntsville, Tex. Joseph Casper, 36, had spent more than half his life on death row after his conviction for fatally shooting lawyer Anna Walsh in 1977 and trying to rape her. Casper, who received two lethal injections to die, was the fifth Texan since 1982 executed for a murder committed at 17.

Chinese dissident exiled

A key leader of the 1989 Tiananmen Square pro-democracy protests in Beijing was freed from a Chinese prison on medical parole and sent to the United States. The Wilson of Beijing, 66, was seen as a goodwill gesture ahead of U.S. President Bill Clinton's planned trip to China in June. Wang said he would continue to work for political change in China.

A baby's death

South Africa deflated post-apartheid race relations after a black baby was killed by a gunshot, allegedly fired by a white farmer who did not want blacks on his land. President Nelson Mandela said the incident indicated continuing racism, but some leaders said sympathy expressed by whites showed hope for reconciliation.



A joyful union: Dockworkers in Melbourne celebrate an Australian Federal Court ruling that 1,499 stevedores were illegally fired by a major shipping company. The ruling, upheld a day later on appeal, was a major blow to Prime Minister John Howard's campaign to curb union power. The conservative government had backed the company, Patrik, in its attack on the Maritime Union of Australia, which Howard calls an inefficient monopoly. The firm must now rehire the workers, who were moved off the docks on April 7 with assault dogs. The union blockaded wharves in several cities, stopping 38 per cent of goods from moving.

Rwanda's firing-squad justice

The condemned were led to posts, with black sacks over their heads, and shot in the chest from a mere step. They were the first 22 people to be executed during 216 so far sentenced to death in Rwanda for the 1994 Hutu-orchestrated slaughter of more than half a million people, mostly Tutsis. The executions ignited a wave of protest from human rights activists around the world. Many said prisoners were tortured and that the trials organized by the Tutsi-led government, amounted to "extermination." The Pope appealed for clemency and UN human rights commissioner Mary Robinson and international legal standards had not been observed. The UN war

crimes tribunal based in The Hague is conducting parallel trials in Arusha, Tanzania, under a mandate that prohibits the death penalty.

But survivors of the genocide, as well as the Rwandan government, defended the firing squads, saying justice was served in a way that would restore the country's healing. "We don't see anything wrong or anything to be ashamed of in trying to show the people that, for once, the Rwandan government is serious in punishing people who commit those kinds of crimes," said Minister of State Patrick Muyumba. Of 320 suspects tried so far, a third have been jailed for life and 20 acquitted. More than 125,000 people are still awaiting trial.

James Earl Ray takes a mystery to his grave

James Earl Ray, sentenced to 99 years in prison in 1969 for the assassination of civil rights leader Martin Luther King Jr., died in jail, taking with him the secrets that he said would come out if he were granted a trial. Ray, 76, succumbed to liver disease a year after visiting King's son Dexter, who said the King family believed Ray was innocent. A doctor and lifelong criminal, Ray had pleaded guilty without a trial in order to save himself from the death penalty, he later said. He recanted his confession within days, saying he was the fall guy for a larger conspiracy. A 1978 commission probe found that others may have been involved but Ray was the gunman.

Rising in the West

Calgary's Shaw family builds a broadcast empire

BY JENNIFER HUNTER

Jim Shaw, the affluent, redheaded president of Shaw Communications Inc., began to spread a gospel about six months ago, about the time family Griffiths decided to shave off their father's controlling interest in WIC (Western International Communications Ltd.), the Vancouver-based media empire. Shaw recalls meeting Griffiths, a prima donna 75-year-old matriarch with two bearded sons, just after the deal to split the Griffiths' stake in WIC between Shaw Communications of Calgary and the Alford family of Edmonton. Once all the i's were dotted and the t's crossed in a Vancouver lawyer's office, Jim Shaw, power still in the invisible stage, went over to greet Emily Griffiths. "I said, 'Thanks for doing the deal' and she looked at me like I was some terrorist," says Shaw, shaking his now-depicted iron whiskers. "I think I shocked her."

Shock seems to have become the 40-year-old Shaw's trademark. He has certainly thrown a few surprises in the path of CanWest Global Communications Corp., of Winnipeg, which is also vying for WIC. Witnessing the struggle between the two companies for the giant television and radio company has been the watching-a-scientist-terms match between Jimmy Connors and John McEnroe, a competition marked by incentive and angle moves. It has taken a few lefts—even the main players could not anticipate it turns out, for example, that Baton Broadcasting Inc., of Toronto has a prior claim on WIC's largest TV station, BCTV, which will fall in if WIC's future owner has to break it up. "It has been very wild," Jim Shaw acknowledges. "I figure this will be a classic, something that will end up in all the classic business books."

Whatever the outcome, the whispering, wangling for WIC has thrust the Shaw family into national prominence and could turn its company into a multimedia titan. Until the 1980s, the family's cable operations were focused on Emerson. That is when Jim Shaw's older sibling, JR, who legally changed his name from James Robert a year ago—no periods between the J and the R—started aggressively expanding the company. He began buying up medium and small cable systems in British Columbia, Alberta, Ontario and Atlantic Canada. In 1984, Shaw purchased CUC Broadcasting Ltd., which owned a big chunk of YTV and operated a cable television system in suburban Toronto. By 1997, Shaw Communications was running the second-largest cable network in the country, with 15 million customers and assets of \$3.45 billion. The company also was buying up radio stations—it now owns 13—and setting up a direct-to-home satellite TV company, a digital music service and an Internet operation. It now owns TV1000 Sunbeam and 80 per cent of Country Music Television Canada.

The Shaw dynasty really started in the 1950s, with Jim Shaw's grandfather, Francis. "We didn't just fill off the pumpkin truck," Shaw laughs during an interview in the company's art-decoed, alabaster-Calgary headquarters. Francis, he says "was a real south eastern Ontario character," a redhead like Jim who started his career as a furrier but transformed himself into the Second World War into an entrepreneurial dabbling in various businesses—trading, paper-cutting, drive-in theatres, a construction company and the nascent

cable business. "The construction company was eventually sold to Power Corp," says Jim. "Don't ask me where the drive-in theatres went."

In 1953, Francis invested money in a London, Ont., cable system and encouraged his two boys, Les and JR, to get into the business, too. "Francis's business provided a knowledge base for my father and his brother," says Jim. "It allowed them to know what areas of business they had and what they didn't like." Les and JR plunged into the pipe-laying business, Shaw Industries Ltd. But when JR moved west to Alberta to help expand that business, he saw there was opportunity for growth in cable. He established a company called Capital Cable TV Ltd., and won the license to set up a cable system for the east side of Edmonton.

In the early 1980s, when Shaw Communications began to spread across the country, he invited his son, Jim to join the company Jim had dropped out of the University of Calgary and was selling Christmas

Communications Colossus

If Shaw succeeds in its bid for WIC, it would become the country's largest cable and broadcasting company. Among its assets:

- TV stations in nine cities, including Vancouver, Calgary, Edmonton, Montreal and Hamilton
- Six pay and specialty channels, including YTV, Teletoon and Superchannel
- One pay-per-view channel
- Cable TV operations in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario
- 23 radio stations
- Canadian Satellite Communications Inc. (53.7 per cent)
- Star Choice direct-to-home satellite TV service (54 per cent)

SOURCE: SHAW COMMUNICATIONS INC.; CANWEST GLOBAL COMMUNICATIONS CORP.

trivia. "When my father asked if I'd work for him I thought 'Wow, this is going to be a big move.' We don't get along all the time. We meet, fathers and sons. But one of the things my father is very good at, and was taught by his father, is that every individual needs to have some space to make their own decisions."

Jim started at the bottom, installing cable systems in Victorian houses. Later, JR brought his other children into Shaw. Heather (a Shaw director and president of Digital Music Express), Jim (the in-house architect) and Brad, who runs the B.C. cable operation. In his efforts to groom his children for succession, JR has behaved much like his Winnipeg-based rival, L.H. (Larry) Asper, chairman of CanWest, who has involved his children, L.H., Leonard, David and Gal, in management and let them participate in his whirling-dealing.



Jim Shaw at the company's headquarters in Calgary: a classic tale of a squabbling sibling-run media dynasty

Last month, JR and Jim met Tony and Leonard for the first time at a business awards dinner. "It was a pretty good conversation for a first meeting," recalls Jim. "They were wondering 'Who are you?' and we were wondering 'Who are you?' We talked about WIC, of course." Jim will not reveal exactly what was said about WIC, but it is meant that the two media dynasties are now squabbling over an empire built by another family, the Griffiths, who did not transfer their business assets to the next generation.

As Jim is recounting the family and corporate history, his executive assistant pokes her head into the small meeting room to tell him there is a conference call waiting his attendance. The topic to be discussed: a license launched by CanWest that morning. Every week seems to bring another bid to the takeover tango between the Aspers and the Shaws. On March 23, CanWest offered \$30 a share to make a counter offer \$43.50 per share, a combination of cash and Shaw's own non-voting shares.

Four days later, the Illinois Aspers strolled off to the Ontario court, inspired by a WIC-blown deal allowing Shaw to receive \$33 million if WIC is broken up and also giving Shaw the option to buy WIC's 12 radio stations for \$400 million. The deal is "an aggressive and aggressive agreement," James Tom Strike, executive vice-president of CanWest, the Ontario, Alberta and B.C. securities commissioners approved the deal and CanWest is also appealing these decisions, saying the securities commissions did not have complete information when they rendered these decisions. "The way this deal is crafted is that a lower bid for WIC can be successful and Shaw still gets all this stuff," Strike complains. "If we in-

crease our bid and our bid is successful they get \$30 million and the radio stations. If our existing bid of \$30 a share is successful, they lose the \$30 million but still get the radio stations, use of WIC's core businesses. So either way, we end up paying more for less of the company. The whole thing is unbelievable."

Jim Shaw says reasoning like that just makes him laugh. "I find this argument so funny WIC is up at \$41.50 a share. If they want out, they can just sell their shares and make a profit or they can come and say Shaw, we want to do a private deal. I find very little weight to their argument that they've been oppressed because there is a higher bid." Hoping to head off further CanWest legal manoeuvring, Shaw asked the B.C. Superior Court last week to give the deal legal clearance.

Jim has been stuck on the WIC deal ever since Shaw was approached by the Griffiths family's financial advisors last year. It is the first time JR has been on the front line of a big Shaw business venture. He has been in Europe for most of April, but his lawyer has regularly to find out the latest on WIC. Jim's assistant appears at the door again. This time, JR is on the phone from Scotland. He was just about to be served a bigggg dinner but decided to duck out and make a phone call to his son instead. "My father has been there as my adviser to me," Jim says, before going off to talk to Dad. "He has been in on all the strategy." Jim is sanguine everything will work out well for Shaw and seems confident that sooner or later his family and the Aspers will come to an agreement. "WIC was here before us," Shaw says. "Never leave a table you can't come back to." Certainly a conciliatory stance for a bearded man who was once mistaken for a terrorist. □

HIRING SPREE

Air Canada said it plans to hire 2,000 employees this year, 500 more than earlier forecast. The carrier is increasing its payroll to handle higher summer traffic and the expansion of routes to the United States. Air Canada now employs 21,500 workers.

WAL-MART UNION BATTLE

Employees at the only unorganized Wal-Mart store in North America are trying to get rid of the union, the company says. Workers of the Windsor, Ont., store voted to reject a union in 1996. However, an Ontario agency forced Wal-Mart to accept the union, saying the chain had used intimidation tactics. The case will be heard again in July.

PAPER SUBSIDIARY SOLD

McMillan Bloedel Ltd. of Vancouver announced the \$650-million sale of its paper subsidiary to a group of unnamed private investors. The sale includes the company's mills in Port Alberni and Powell River B.C. McMillan, which posted its first profits in four quarters, also said it may halt clear-cutting in old-growth forests.

Philip shocks the market



Stoney Creek, Ont., shows a potential hazard

Investors in certain stock market darling PhilServices Corp. were dealt another heavy blow when the industrial services company announced its copper trading losses were about \$45 million more than earlier announced. It was the fourth time in four months that the Hamilton-based company has shocked the market with revelations about its finances.

In heavy trading, PhilServices share fell 21 percent to close at \$11.35. The plunge was reminiscent of the market reaction to Phil's admission in January that it was losing \$60 million of copper. The after-tax loss was attributed to a major audit, and was bumped up by \$20 million, \$10 million, and \$40 million revisions on March 5, April 1 and April 22. Sources at MacKenzie, the Ontario Securities Commission, are investigating "the carelessness and accuracy" of Phil's financial disclosures.

That wasn't the only bad news for Phil. Dr.

Ronnie Berrott, an exceptionally renowned epidemiologist, told the people of Stoney Creek Ont., were not fully apprised of the dangers of an asbestos dump operated by Philatop at the edge of their community. Berrott was speaking before a committee charged with investigating the dump by the Ontario ministry of environment and energy. After discussing the scientific analysis used, Berrott said she would not live near the dump in the Hamilton suburb. "I think it's a degraded area, a potential hazard," Berrott told MacKenzie, "and it's going to take constant vigilance to monitor what's coming out of the waste."

Pipeline plan killed

TransCanada PipeLines Ltd. of Calgary has shelved its \$2.7-billion Viking Voyager gas pipeline project, but still plans to pursue ways of getting natural gas to the U.S. Midwest. TransCanada and its American partners had proposed building a 1,250-km pipeline from Canada through Minnesota and Wisconsin to Illinois. But Viking Voyager was outshined by the Calgary-based Albian PipeLines Ltd. project, which was more aggressive in lining up

natural gas production from Alberta for its proposed pipeline. "It confirms what we suspected for some time—that they don't have market support," said Dennis Corriveau, president of Albian Pipeline. "In the past it's been holding their tests, not us." Alberta's 3,000-km natural gas pipeline, budgeted at \$8.7 billion, would run from northwestern British Columbia to Chicago. The proposal is awaiting its way through the approval process and is currently the subject of hearings before the National Energy Board.

FINANCIAL OUTLOOK

Canada's annual inflation rate dropped to 0.9 percent in March from 1.0 percent in February. In January Retail sales, however, dropped in the first two months of the year, but are expected to increase in coming months due to strong employment

employment insurance recipients dropped 2.8 percent in February from January. Retail sales, however, dropped in the first two months of the year, but are expected to increase in coming months due to strong employment

The weakness in retail activity in the first two months of 1998 reflects a two-month decline in sales of motor vehicles. Excluding motor vehicles, retail sales are on track for a strong annualized rate of more than seven per cent in the first quarter of 1998.

—TD Bank



"The Canadian economic outlook remains positive. We're seeing good productivity gains, good employment gains, and we're not yet at full capacity."

—Bank of Canada governor Gordon Thiessen

THE MOUSE THAT ROARED

The Federal Court of Canada rejected a Harvard University bid to patent a type of mouse genetically engineered for cancer research. "A complex life form does not fit within the current parameters of the Patent Act," the court ruled. The mouse has already been patented in the United States.

The Nation's Business



Peter C. Newman

Paul Martin's brave banking front

Only two banks are left in this country that will never merge: food banks and sperm banks.

The merger game has become that silly.

We'll not really silly, because it's deadly serious. With the impending merging of the country's four largest banks into two elephant-size institutions that will boast assets worth almost \$200 billion each, we're talking nearly 4 trillion dollars' worth of banking, essentially controlled by two men, John Coghill and Charlie Burrell.

That puts Canada in the big leagues, no doubt about it. To place these recent deals in context, consider that the largest U.S. merger ever announced last month between the banking and insurance and financial services arms of Travelers Group, created the greatest

that brings together assets worth almost \$1 trillion, just twice either of the Canadian enterprises. American regulators planning to approve the merger point out that the move didn't reduce competition. "Because it wasn't two banks that were combining."

This, of course, isn't the case in Canada. Two of Canada's historic banks will vanish, and nearly three-quarters of the nation's credit ratings will depend on the will and whims of two ever-worried bankers. So far, the uncertain bankers who will dominate the new mega-banks have not adequately explained their risks to the public. Yet Ottawa's approval for the two mega-banks is imminent.

Paul Martin is pushing us to a financial precipice that if he chooses to, he can avert. These bank mergers and rewrites the before and growth to their preposterous, single-bliss. "Just watch us," the finance minister berates. The comparison is innocent, but not altogether derided. The partners involved are consummating their marriages more numerically as each day passes. What Bay Street has joined in holy matrimony, no man can rend asunder.

Despite his grand intentions, Martin's weak pronouncements around the bank's performance are a sideshow. Since the British policeman's wife by Helen Willmette, he is chasing a wife. Since the bobbies in England are unmarried, he can only keep showing "Stop!" The thief keeps running. The exasperated bobby finally yells out, "If you don't stop, I'll yell 'Stop again'."

Martin's eye is firmly fixed on becoming Jean Chrétien's natural successor. Since he already suffers from a pre-bankruptcy reputation, he can't allow the banks to ride roughshod over him. No doubt he will demand loyalty to the newly merged banks' abilities to close branches and lay off redundant employees, and will probably allow more foreign banks into the country to goose up competition. But to stop the present amalgamations would be just about impossible. (Actually, that's not true. If the finance minister really wanted to do that, he could stop the tracks of all the vehicles he would have to do to implement that.

every bad-off bank employee be given the same exit deal as Matt Burrell, chairman of the Bank of Montreal, and Al Flood, chairman of the Canadian Imperial Bank of Commerce. The two deserved, and soon-to-be departing, former bosses. And it is, now top executives of the Commerce and Toronto Dominion are sitting on paper gains of \$12 million as a result of the merger.)

How these harmonious fiscal creatures will benefit their customers remains an open question, but it's crystal clear that Canada's banking culture has been changed forever. In the past, Canadian bankers were sole middle-class men who represented safe middle-class values and could be counted on for their guidance, integrity and, occasionally, help. They occupied a place in the community somewhere between business and comfort, in the same block as clerks. "We're like pencils in a candlestick," it was once said by John B. Taylor, a former deputy chairman of the Royal Bank. "We have to keep everything on our confidence, even when we're in an bath salts of a deal."

Fitted for their high calling, far that was how they viewed it, more by temperament than by family background or education, Canada's bankers moved solidly and safely through every carefully before deciding to delay fornications. Bankers stayed in their jobs for life, only two methods were serious enough to warrant dismissal: embezzlement or trying to organize a labor union.

The old-line bankers were seldom impatient, never hasty, but serious and strong in the knowledge that they had been appointed as official gardeners tending the delicate flowers of confidence. Scotland is their department and paternity, even if they were born in Korea and would know whether to care the babies at play the bags, they lived a mailed fist, leaving plow assessment at the estimation of their clients, while remaining content to quietly exercise their dual role. They regarded themselves as CEOs of the financial system and believed that they were exercising that power, but responsibly.

Canadian bankers haven't stopped being honest or middle-class, and Coghill and Burrell are prime examples of both traits, but with the mergers, the personal element in banking is history. The new banking goliaths will grow in Bangkok and Prague, not in the streets of Red Deer.

No one expects the banks to retain their 18th-century charm in a 21st-century environment. Globalization demands efficiency. But neither should we look forward to cooling with the computer rationality of bankers who worship quality over quality. The question remains: should you grow bigger because you're better—or as the business would have it, get better because you're bigger?

Barrie Rae

Personal Finance

Hot stock tips from a socialist

Workers of the world, rest easy! Mutuals! Lester is still a socialist—he just happens to be wealthy. After a career bureaucrat with New Democratic Party governments in Manitoba and Ontario, Lester parlayed a \$30,000 pension into a net \$300,000 in savings over more than 51 million in only 10 years. Thanks to savvy stock market plays (his new book, *Mindset Doctor's Million Doctor Strategy* details how he built his sizable nest egg by spending 30 minutes a day studying the market and trading through discount brokers. "It's very much a book written by an amateur about his own ventures in investing," says Lester, 45, who now runs his own health-care consulting business.

Some caution: Since launching his "advantage" in 1986, Lester has earned a compound annual return of 36 per cent, outshining even U.S. investment guru Warren Buffett, whose Berkshire Hathaway Inc. generated 29 per cent a year over the same period. Lester's secret has been spotting rapidly growing firms that are still too small to be noticed by Bay Street brokers or fund managers. Because they are just yet market darlings, shares in these firms have much higher profit potential, he says. Lester claims about 80 percent of his gains have come from fewer than 10 companies, including Caldwell Partners Investors.

A broker who listens

On day one all stockbrokers may be qualified with encyclopedic knowledge, TD Bank's Green Line Investor Services has refined a step closer to the digital future by introducing speech-recognition technology for clients who are seeking stock market information. Dubbed TalkBroker, the service allows investors to obtain immediate stock or mutual fund quotations by dialling a telephone number and saying the name of the company.

Speech-recognition software is already used by some telephone companies for directory assistance, but adapting the technology for the stock market was more complex because of the thousands of companies listed



Lester "I just wanted to take control of my future."

total of Toronto, a corporate headhunter he dealt with as Ontario's deputy health minister.

While the high-flying, Harvard-educated Lester is better connected and travels more than most investors, he says there is nothing to stop people from finding excellent companies under their own noses. "It's not rocket science," he says. The key, he adds, is to research each company thoroughly using annual reports, financial statements and the Internet.

Despite his whole-hearted embrace of the markets, Lester says his list of centre policies hasn't changed. "I just wanted to take control of my future. It's pretty clear that if you don't, you're putting yourself at risk." After all, even socialists have to pay the bills.

on Canadian and U.S. exchanges and the need for constant updates in share prices. John See, Green Line's president, says the system cost more than \$5 million, but should increase the number of calls Green Line can handle seamlessly.

The discount broker, Canada's largest, currently deals with as many as 100,000 customers a day. Almost half conduct their business exclusively by phone or computer, bypassing Green Line's agents. "Before, clients could face delays, especially with wild swings in market activity," says See. "This will increase our capacity." By the end of the year, clients who register for the live service should be able to use TalkBroker to place buy or sell orders or to renew their portfolios.

Speech-recognition software is already used by some telephone companies for directory assistance, but adapting the technology for the stock market was more complex because of the thousands of companies listed

FORECAST: Outlays by Canadian shoppers will increase 2.6 per cent in each of 1998 and 1999, says the Conference Board of Canada, an Ottawa-based economic think-tank. That is down from last year's 3.9-per-cent gain. "The second level of personal bankruptcies suggests all is not well with consumers," the board adds. Still, low borrowing costs and an increase in personal disposable income over the next two years should keep consumer spending at a healthy level.

Money Talks

Advice wanted

Canadians are more willing to ask questions and seek advice on financial matters than Americans, a poll for Scudder Canada suggests. Only 35 per cent of Canadians in the survey said they feel "baffled or uncomfortable" asking such questions, compared with 47 per cent of U.S. respondents.

Creeping taxation

The average proportion of individual income paid in taxes hit a record 25 per cent last year, a TD Bank report says. The bank's economists say recent tax cuts in several provinces have been offset by various surcharges and so-called bracket creep—the tendency of people to be pushed into higher tax brackets even if their income gains fall short of inflation. Another reason is that taxes are paid on capital gains and RRSP withdrawals, even though those gains are not counted in current income.

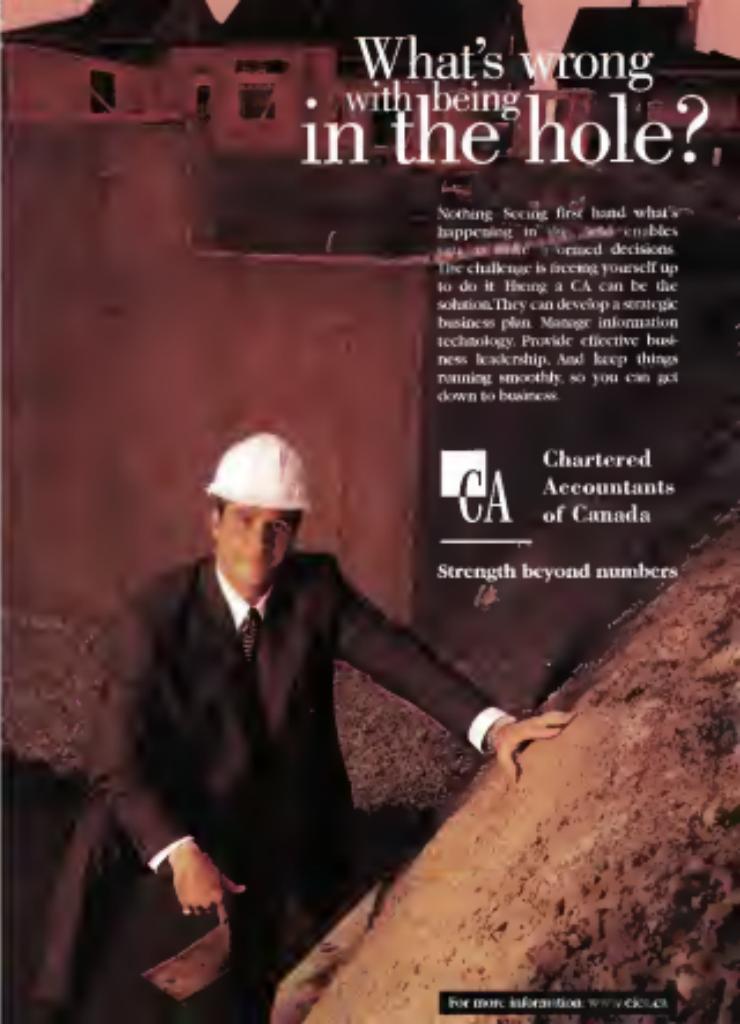


Cheap fuel

Canadians pay less for gasoline than drivers in most other countries, according to a survey by Rintzheimer Canada Inc., a management consulting firm. In cities such as Hong Kong, London and Buenos Aires, motorists pay more than \$1.50 per litre, compared with an average across Canada of 56 cents. A simple comparison of Canadian and U.S. gas prices can give a distorted picture, Rintzheimer says.

Average price per litre

Hong Kong	32.65
Singapore	1.53
Japan	1.32
Canada	0.58
United States	0.32
South Africa	0.23



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THE SECOND GENESIS

SCIENCE MAY BE
READY TO CREATE
A PERFECT
WORLD—
BUT WHO
WILL DEFINE
PERFECT?



*When Aldous Huxley wrote *Brave New World* in 1932, few would have guessed that his vision would be in place by the end of the 20th century. Breakthroughs in biotechnology are paving the way for the wholesale alteration of the human species, and the earth as we know it. In thousands of laboratories around the world, an uncharted landscape is already taking shape. Jeremy Rifkin, author of *The Biotech Century: Harnessing the Gene and Remaking the World*, explores the promise of genetic engineering—and the nightmare scenarios as well.*

BY JEREMY RIFKIN

For years, business has heralded the Information Age, championing the computer as the genius donor of the global economic revolution. But what the future in the computer industry—namely Bill Gates—and Wall Street insiders now understand is that the computer is merely the handmaiden to a much more profound business, namely the genetic commerce. Increasingly, the computer is being used to manage and organize genetic information—the raw resource of the new global economy. The 20th century was shaped by spectacular breakthroughs in physics and chemistry, but the stars of the 21st century will be the biological sciences, and those deciphering the genetic code of life. After thousands of years of sowing, rearing, soldiering and forging iron material, we are now sowing, accelerating, intervening and reaping living material.

At the heart of the revolution is the ability to create a second genome—a synthetic one, geared to the whims of the marketplace. With the newfound ability to store and manage genes, we can, for the first time in history, engineer life itself, reprogramming the genetic codes of living entities to suit our own needs. Genes are already being harnessed in a variety of businesses worldwide—including agriculture, forestry, energy, conservation and packaging, pharmaceuticals and medicine—to fashion a bio-industrial world. Before us lies an uncharted landscape whose contours are being shaped in thousands of laboratories in universities, government agencies and corporations around the world. If the claims already

being made are only partially realized, the consequences for future survival will be enormous.

Indeed, our lives are likely to be more fundamentally transformed in the next few decades than in the past 1,000 years. An increasing amount of food and fiber will be grown indoors in tissue culture in giant factories. Animal and human cloning will likely be commonplace, with replication increasingly replacing reproduction. Individuals will be able to obtain a detailed genetic endowment of themselves, allowing them to grow their own biological tissue and plant their lives in ways never before possible. Parents may choose to have their unborn children generated in artificial wombs. Genetic changes could be made in human embryos to correct deadly diseases and disorders, as well as enhance mind, beauty, intelligence and physical traits.

Using the most advanced computers and software technology, molecular biologists are unsplicing and reassembling the entire genome—the genetic makeup—of creatures from the lowest bacteria to human beings. By the end of the second decade of the 21st century, they hope to have catalogued a vast library of cell-type blueprints for commercial exploitation. Says Gates: "Biological information is probably the most interesting information there is. We are deciphering and trying to decode change. It's all a question of how—of it."

Global life-science companies are quickly wanning over to exert their influence over the new genetic commerce. Typical of the trend is the decision last year by Monsanto Co., a long world leader in chemical products to sell off its own chemical division and its chosen research, development and marketing in



biotechnology products. The consolidation of the life-science industry by global commercial enterprises rivals the mergers and acquisitions in the telecommunications, information and entertainment industries—but to date, has received little attention. The top 10 pharmaceutical companies control 81 per cent of the \$40 billion global pharmaceutical market. Ten life-science companies control 37 per cent of the global seed market, worth \$8 billion annually. The world's 10 major pharmaceutical companies control 47 per cent of the \$275-billion pharmaceutical market. Ten global firms now control 45 per cent of the \$32-billion veterinary pharmaceutical trade. Trapping the life sciences has set 10 transnational food and drink companies whose sales exceeded \$254 billion in 1995.

Several of the largest life-science companies are extending their commercial activities to virtually every bio-industrial field. Novartis, a giant new firm resulting from the \$38-billion merger of two Swiss companies—Sandoz (pharmaceuticals) and Ciba-Geigy (agrochemicals)—is the world's largest agrochemical company, the second largest seed company, the second-largest pharmaceutical company and the fourth-largest oil and energy industry company. The increasing consolidation of control is alarming, especially considering that the biotech revolution will affect every aspect of our lives, the way we eat, the way we date and marry, the way we have babies, the way our children are raised and educated, the way we work, the way we perceive the world around us and our place in it.

For the life-science companies, genes are green gold. The economic and political forces that control the genetic resources of the planet will exercise tremendous power over the future economy. The awarding of patents on genes, on living, genetically engineered tissue, organs and organisms, as well as the processes used to alter them, is a huge commercial venture. In the years ahead, the planet's柴acteristic pool is going to become a source of increasing monetary value. Multinational and governments are already securing the contents of microcosms, plants, animals and humans with rare geneticists that might have future market potential.

A battle of historic proportions is raging between the high-technology colossi of the North and the developing nations of the South over who should benefit from the commercial exploitation of genetic resources. Most of the planet's genetic treasures are found in the biologically rich tropical regions. The Southern Hemisphere nations contend that genetic resources are part of their national heritage and that they deserve compensation for their use. Transnational corporations argue that patent protection is essential if they are to risk years of research to bring new products to market. And a growing number of nongovernmental organizations are beginning to take a third position, arguing that the genetic right must be for sale, at any price.

Who has made the dictum even more urgent are increasing reports of human life-prospecting scientists sampling the genotypes of the few thousand groups of indigenous people that have remained isolated, in the hopes of finding genetic surprises. The entrepreneurial scramble has picked up a substantial momentum, thanks to the quickened pace of mapping and sequencing the approximately 100,000 genes that make up the human genome. Companies are quickly securing patents on human genes, chromosomes, cells, tissues and genes, giving their commercial ownership over virtually every part of

the human body. Dr. Ian Wilmut, who cloned the sheep Dolly, has filed a patent on all cloned animals, including cloned human embryos. If granted, Wal-Mart and its corporate partner, PPL Therapeutics, may be able to claim all cloned human embryos as their intellectual property.

While the biotech age threatens, it also holds great promise: a cornucopia of new plants and animals to feed a hungry world, new wonder drugs and genetic therapies to produce healthier bodies, eliminate human suffering and extend the human lifespan, and new genetically engineered sources of energy and fibre to protect our environment and build a "renewable" society. But the staggering question remains: at what cost? Will the artificial creation of cloned, chimeric and transgenic animals mean the end of nature and the substitution of a biotech world? Will the mass release of bioterrorists of genetically engineered life forms into the environment cause genetic pollution and irreversible damage to the biosphere? What will it mean to live in a world where babies are genetically engineered and customized in the womb and where people are increasingly identified, monitored and discriminated against on the basis of their genotype? What are the risks we take in attempting to design more "perfect" human beings?

The globalization of commerce makes possible the wholesale reseeding of the biosphere, with its artificially produced biotechnological nature. The growing number of biotech companies is providing us with powerful new tools to engage in what will likely be the most radical human experiment on life forms and ecosystems in history. Imagine the wholesale transfer of genes between totally unrelated species, mass-producing countless replicas of these new creatures, releasing them into the biosphere to propagate, mutate, proliferate and migrate. This is, in fact, the great scientific and commercial enterprise under way as we turn the corner into the Biotech Century.

Corporate leaders in the new life industry promise an era where evolution will become subject to human control. But critics worry that the reseeding of the earth could lead to genetic pollution, destroying habitats, destabilizing ecosystems and threatening the remaining reservoirs of biological diversity on the planet. Each new synthetic introduction is likely to threaten ecological stability. The long-term cumulative impact of thousands of introductions of genetically modified organisms could well exceed the damage that has resulted from the release of petrochemical products into the earth's ecosystems.

When Aldous Huxley wrote *Braave New World* in 1932, few would have guessed that his vision of a eugenics civilization would be in play by the end of the 20th century. Breakthroughs in genetic screening, including DNA chips, sonar and sex-cell therapy, are paving the way for the wholesale alteration of the human species and the birth of a commercially driven eugenics revolution. Gene screening and therapy raises the real possibility that we might be able to regenerate the genetic blueprint of our own species. This would be difficult to imagine parents rejecting genetic modification that promised to improve, in some way, the opportunity for the progeny. According to a 1992 Harris poll, 43 per cent of Americans "would approve using gene therapy to improve babies' physical characteristics."

Inevitably, parents will be asked to decide whether to take their chances with the traditional genetic lottery, or undergo corrective gene-changes on their sperm, egg, embryo or fetus. If they choose the

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Essays on the MILLENNIUM

traditional approach, they could find themselves culpable if something goes wrong, something they could have avoided through corrective genetic surgery. Transplants argue that it would be cruel not to use the new technology to eliminate various disorders. But if diabetes, sickle cell anemia and cancer are to be prevented, why not proceed to other so-called disorders, such as dyslexia, obesity or short stature? What makes the new language of molecular biology so chilling is that it threatens to create an undesirable archetype, a flawless human being, with all the values/ethics that have defined our existence. How tolerant is society likely to be of those whose "errors" in uncorrected? Will we empathize with others who are less than perfect, or will we see them as mistakes that could have been avoided with the proper engineering? Should humanity then ever begin the process of reengineering future generations? What are the potential consequences of reengineering on a course whose final goal is the perfection of the human race?

New studies on the genetic "bases" of human behavior are providing a cultural context for the widespread acceptance of new biotechnologies. Researchers are already linking an increasing number of mental diseases to genetic disorders. Some scientists are beginning to suggest that various forms of antisocial behavior, such as megalomania and cruelty, may be evidence of malfunctioning genes. The Minnesota Center for Twin and Adoption Research has published its findings on the influence of heredity in a number of common personality traits in determining extraversion, hereditarily registered at 40 per cent, for aggressiveness, the figure was 48 per cent. Many sociobiologists go even further, contending that virtually all human activity is determined, in large part, by genetic makeup.

It is important to remember that from the end of the Second World War through the 1980s, social scientists argued that nurture was more important than nature in determining personality, behavior and sapientiality. Now, plagued by deepest social crisis, industrial nations seem unable to effect significant changes through institutional and environmental reforms. Socialists argue and others contend that overwhelming the economic and social system is at best problematic, and at worst, an exercise in futility. They see the genes as the more important factor in shaping personality development, adolescent behavior, obesity and most illnesses, collective psychology and even the workings of culture, commerce and politics. While they acknowledge the role of the environment in the development of human personality, they believe it is far less significant than the genes in determining our fate. If we wish to change our society, they argue, we must first change our genes.

The initial shift from nurture to nature is attributable, in part, to the intense interest generated by the multi-billion dollar Human Genome Project. Dr. James Watson, who served as the first director of the U.S. government-led effort to decipher the human genome, has boldly asserted: "We used to think our fate was in our stars. Now we know in large measure, our fate is in our genes." All we have to do is to evaluate about genetic reductiveness. Dr. Jennifer Doudna, a professor of microbiology and genetics of Harvard University, and one of the early pioneers in the field of molecular biology, argues for a more balanced presentation of the relationship between



Dolly with naturally-born offspring, Bonnie, present

genetics and environment. He stresses that many diseases, including cancer, alcoholism and depression, are the result of the interaction of genetic predisposition and environmental triggers. Reforming the environment is a remedial strategy not to be ignored. "The focus on genetics alone in explanatory of disease and social problems tends to divert society's attention away from other means of dealing with such problems," says Doudna.

Genetic engineering represents our fondest hopes and aspirations as well as our darkest fears and nightmares. The new gene-splicing technologies promise a better way of life. Some of the new products and services will even deliver on those promises. On the other hand, they raise one of the most troubling questions of all of human history. In whom should we vest the authority to decide which gene is a good one and which is a bad one? The federal government? Corporation? University?科学院? We appear caught between our instinctual distrust of the institutional forces governing the new biotechnologies and our desire to endorse our own personal opinions in the biological marketplace. The problem is that biotechnology has a distinct beginning, but no clear end. In the decades to come, we might further our selves away, a gear at a time, in exchange for security and freedom, but if we do, we may well have been irreversibly compromised in pursuit of our own engineered perfection.

Many in the life-sciences industry would have us believe that the new gene-splicing technologies are irrevocable and inevitable. The fact is, the corporate agenda is only one of two potential paths to the Biotech Century. For example, consider the future of agriculture. Molecular biologists are now inserting genes into the biological code of food crops to make them more resistant to herbicides, pests, bacteria and fungi. Others, however, are using the new genetic science to better understand the subtle relationship between environmental influences and genetic mutations. They are developing what they call a "soft-path" approach to agriculture that excludes genetic engineering of plants in favor of integrated pest management, crop rotation, natural fertilization and other sustainable methods designed to make farming compatible with the surrounding ecosystem. Similarly in medicine, most molecular biologists are focused on somatic gene surgery, pumping altered genes into patients with allergies and disorders. A small but growing number of molecular biologists, however, are exploring the role that genes, mutations and environmental triggers play. They hope to fashion a more sophisticated soft-path approach to preventive health based on remedial diet and other environmental factors rather than altering genes.

In the coming Biotech Century, it is probably that society will accept some uses of genetic engineering, reject others and opt in some instances for more alternative approaches. To believe that genetic engineering is the only way to apply our new knowledge of genetics brings us from evaluating those other ways of using the new science, ways that might prove even more effective in addressing the needs of current and future generations. The health revolution will force each of us to put a mirror to our most deeply held values, making us ponder the ultimate question of the meaning of existence. This road is up to us. □

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The Sudbury Neutrino Observatory nearing completion. There is this much of our physics here.

Universal mysteries

A unique Canadian project has Nobel Prize potential

BY DANYLO HAWALESHKA

Most people would no doubt balk at having to stand on the roof of an elevator as it creeps slowly into a thick mine shaft with more than a foot of rock above them. Not physicist David Haghjou, 53, who shrugs off the task in just another part of his job. Some job. Haghjou is site manager at the Sudbury Neutrino Observatory, a unique, \$74-million research facility that could profoundly change scientists' understanding of the universe. After a number of delays, the observatory is finally nearing completion, buried in a 30,000-tonne cavern blasted out of rock 2,000 m under ground in the Lake Huron-Congo Mine outside the Northern Ontario city of Sudbury. In the run-up to the site's inauguration this week, Haghjou is looking for a break in the fiberoptic communications cables linking the facility to the surface. And the only

way he can follow the cable, radiometric by millimeter, is down the top of the elevator. "You get used to it quick," Haghjou says of the unusual demands of his job. "When you're working on SNO, you learn it adapt."

The project has been like that, scientists' shelf-life goals constantly to solve myriad problems associated with building something that has never been built before. Begun in 2002, SNO is the first so-called heavy-water neutrino detector in the world, the only facility capable of detecting all three types of neutrinos, one of the most enigmatic particles known to science. While neutrinos lack mass, they move faster than light in a number. They are produced in almost indistinguishable quantities by nuclear fusion and decay occurring in the core of stars such as Earth's sun—which, incidentally, blinks out 200 billion trillion neutrinos every second.

The Canadian government, through two federally funded agencies—the Natural Sciences and Engineering Research Council of Canada and the National Research Council of Canada—as well as the Northern Ontario Heritage Fund Corporation, are picking up most of the tab. But two other countries have helped, with the U.S. department of energy covering about 95% of cost of construction and Britain's Particle Physics and Astronomy Research Council contributing about 30 percent. The sponsors hope that unprecedented research will be carried out at SNO starting in July will help explain why the mass of the neutrino is so small, and a whole host of what scientists think it ought to be. As well, the research should provide a new insight into what's in the far-distant future—the universe will collapse.

It might also help with the search for a so-called grand unification theory, which would explain the four forces of nature—gravity, electromagnetism, the weak force (which acts on quarks, electrons and neutrinos) and the strong force (which holds atomic nuclei together). Some of the theories already postulated assume neutrinos have mass, a fact that many expect SNO to confirm. "There is that sort of new physics here, of making a significant contribution," says Richard Van Berg, director of engineering at the University of Pennsylvania's department of physics and astronomy, and one of about 70 Ph.D.s working at SNO.

Scientists widely agree that research at the observatory has Nobel Prize potential, with its promise of revolutionizing the understanding of subatomic particles. Even the renowned cosmologist Stephen Hawking, best-selling author *A Brief History of Time*, is paying attention. Confined to a wheelchair by a degenerative neurological disease and forced to use a computerized voice synthesizer, Hawking has made a special visit to the facility on the day before the inauguration. Queen's University physicist Art McDonald, SNO's director, met with Hawking in California in March. "When I discussed the SNO project and our scientific objectives with him," McDonald relates, "his comment—and as you know, he speaks in very short sentences—was, 'Very important science!'"

An agreed scheme is the observatory is, its researchers face the unequivocal prospect that they could be beaten to some of the most interesting neutrinos they seek. The Super Kamiokande neutrino detector, already operating half a mile underground in Kamioka, Japan, 250 km northeast of Tokyo. While it cannot detect all types of neutrinos, it is capable of determining whether they have mass, but the Japanese have been beaten by unexpectedly high levels of background radiation over the past few years. McDonald, expressing confidence that the Sudbury facility will get there first, "The helped, with the U.S. department of energy covering about 95% of cost of construction and Britain's Particle Physics and Astronomy Research Council contributing about 30 percent. The sponsors hope that unprecedented research will be carried out at SNO starting in July will help explain why the mass of the neutrino is so small, and a whole host of what scientists think it ought to be. As well, the research should provide a new insight into what's in the far-distant future—the universe will collapse.

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HOW TO 'SEE' A NEUTRINO

Every second, each of the approximately 100 billion stars in our galaxy, including Earth's sun, discharges billions upon trillions of neutrinos—one of the tiniest particles known to science. As far as physicists now understand, neutrinos are effectively invisible, moving they are neutrinos. They also pass through just about everything unimpeded, which means they have been almost impossible to obtain. That is about to change. Starting in July, the nearly \$74-million Sudbury Neutrino Observatory will allow physicists to, at last, to see the mysterious subatomic particles directly, at least to observe what they can do.

The facility is designed to reveal the flashes of light emitted when neutrinos travel through molecules of heavy water and break off an electron. If SNO scientists can thus confirm their assumption that neutrinos have mass, that would go a long way toward explaining an enduring astrophysical mystery: why the total mass of all known celestial bodies is only a fraction of what scientists calculate the mass of the universe ought to be.

detect all three types, will test the theory. Confirmation that neutrinos change from one flavor to another would hold profound implications. Physicists say it would prove that neutrinos have mass, which, as turns out, everything—especially Earth—depends on. "Because neutrinos pass through everything, they are exceedingly difficult to observe. About 100 billion pass through the average person's index finger, trillion more through the entire body, every second. They are simply the most numerous entity in the universe. Yet several studies suggest there are actually too few of them out there. Experiments designed to corroborate the

find the universe's mass is only 10 per cent of what it should be. If neutrinos have even a minuscule mass, their astronomical numbers, when taken together, could go a long way toward accounting for the discrepancy. What's more, their collective mass could be enough such a large gravitational pull that, at some point in the future, it could pull the expansion of the universe, leading to a eventual collapse and doom. "If you want to understand the universe at its smallest and largest level, the s you have to know whether neutrinos have mass," says Dave Wark, a particle physicist from Oxford University working at SNO.

But why seek those answers in Sudbury a city better known for producing nickel than for astrophysics? The answer is the deep mine shaft in the area. The observatory had to be built more than a mile underground to shield it from cosmic radiation, which would disrupt its detectors—so sensitive they can spot the faint glow of a firefly 60 kilometers away. An other important consideration is the observatory's location. Canada is the only country in the world with easy access to the necessary quantities of so-called heavy water, a critical substance in neutrino detecting. "There's only one place in the world that this could have been done," says Wark. "And the Canadians rose to the challenge."

Once the various federal and provincial agencies decided to go ahead with the project, the hard work began. It was to have taken two years to blast out and excavate the long-shaped cavern that houses the observatory in a sector of the 36-year-old Creighton Mine. It took three. Then, in August, 1995, the success of the project was threatened by the first discovery of half a dozen imperfections in the 100-m-tonne acrylic sphere at the heart of SNO. Piling most at the center, the sphere is made of 120 curved panels of ultrapure, transparent acrylic, six centimeters thick and glued together by

heat. During several tense months that it took technicians to eliminate unwanted bubbles from the seals, SNO's future hung in the balance. "That had the potential for stopping the project," says Queen's physicist Barry Robertson.

Although that hangs thick in the air elsewhere in the mine, technicians must keep the facility spotless to avoid interference with the sensors. On entering, workers and visitors must shower, dress in gowns and wash their hands in filtered water, don a hair net and pass through an air shower. Adhesive floor

McDonald in a



Japan

McDonald in a

Japan

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SCIENCE

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On April 15, workers begin flooding the cavern space inside the vessel with ultrapure water to further shield against radiation waste. Then, the acrylic vessel will be filled with 1,000 tonnes of heavy water—nominally used to aid nuclear fission in CANDU reactors—also from Atomic Energy of Canada Ltd. and valued at \$500 million. Both the cavern and vessel should be full by early July. Heavy water, known as deuterium oxide, or D-2O, differs from ordinary water (H-2O) in having a neutron as well as a proton in each of its two hydrogen nuclei. When an electron-positron strikes a deuterium nucleus, the impact loses an electron from the perimeter of the deuterium atom. Travelling through the heavy water bath, that light can, that electron will create a cone-shaped flash of blue light known as Cherenkov radiation, which is one of the 9,500 light sensors surrounding the acrylic vessel will detect.

Initially, scientists expect to see that phenomena about 20 times a day. In about a year, they plan to use a remote-controlled submarine to install helium-filled sensors that should capture heavy-water neutrinos given off by impacts with muon and tau neutrinos.

All this technology comes at a price. Based on a 1984 proposal by University of California physicist Rich Chen, the project was initially expected to cost \$50 million and be built by 1995. Almost three years behind schedule and close to 50 per cent over budget, SNO is finally almost ready. The cost overrun, says facility director McDonald, are due to severe cutbacks—the original proposal’s failure to account for inflation, the weakening Canadian dollar and the departure of some Canadian research institutions that were to have participated in the project. “We’re proceeding as economically as we can,” McDonald adds. All the frustrations of getting so far, McDonald is ready to move on to the business of research. Or as he puts it, “Now I can spend some time in front of a computer to see what it all means.” The world of astrophysics will be watching.

The SNO home page on the Internet:
<http://www.sno.sns.ubc.ca/sno/sno.html>

• **Robotics Sciences and Engineering Research Council of Canada home page**
<http://www.ressrc.ca/>

• **Stephen Hawking’s page**
<http://www.damtp.cam.ac.uk/fms/astro/hawking/home.html>

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Rosanne: Viagra tablets (right) as an alternative to the needle and vacuum pump

'A man again'

Experts praise a pill that treats impotence

In December, 1994, Lorraine Laird just turned 50 and life was good. Married, he had two young children, a house near Vancouver and a job he enjoyed. Then disaster struck as he changed a tire on his car beside a road, another notorious liability. Though Lorraine can walk and is about to go back to work, the accident damaged spinal nerves and left him with enduring problems, including impotence in some parts of his body and distressing limits on his sex life due to difficulties having and maintaining erections. "It was disheartening," he recalls, "when my wife was in the mood for sex and I just wasn't interested." Doctors suggested remedies involving pumps and injections, but Lorraine was not interested in them. Then, he had the opportunity to take part in a clinical trial for a new drug, Lorraine's Viagra (which is designed to deal with problems like his). In December, 1995, Lorraine began popping a slyphine tablet whenever sex was in the offing. Once again, his life was transformed. "Sex is as good as it used to be—maybe even a little better," he says. "That medication is just fantastic."

Thousands of American men appear to agree. Since Viagra was approved for sale in the United States—earlier this April, demand has

soared to the point that physicians are scribbling as exhausted 40,000 prescriptions a day. Manufactured by New York City-based Pfizer Inc., Viagra—which has yet to be cleared for general use in Canada—can apparently reverse erectile dysfunction in about 80 per cent of men who have problems, with only minor side-effects (including headaches and astigmatism). "This isn't just another drug [it's] the drug—the magic bullet we've been waiting for," says Dr. Sulayem Radomski, a urologist at The Toronto Hospital, one of 27 Canadian centres that took part in the clinical testing of Viagra. "It's going to revolutionize the treatment of impotence."

Plans developed Viagra after researchers testing a drug for angina found that it triggered erections in men. Now, it seems destined to largely replace existing treatments (which—though effective—cause more risks to men). The most popular method requires a man who expects to have sex to use a needle to inject an erection-causing drug into the side of his penis. Another involves using a vacuum pump to draw blood into the penis to create an erection, then placing rubber bands around the base of the organ to keep it erect. "It was such a performance," says one middle-aged Viagra



user, who lives near Washington. Those methods, he adds, "undermine erotic moments by taking the spontaneity out of sex."

Unlike older treatments, which can leave men with erections that last for hours if sex does not occur, Viagra only becomes effective when a man is sexually aroused. The drug works by blocking the operation of an enzyme that normally breaks down a chemical called cGMP—that plays a key role in maintaining erections. Even though Viagra-induced erections subside after intercourse, some men report that the drug can remain effective for up to 24 hours. "It means that when they have a sexual thought during the day, they feel a physical response," says Dr. Rosemary Basson, a sexual medicine specialist at The Vancouver Hospital, who has prescribed the drug to 20 men as part of a long-term study. "That says, OK, you're a man again. It's tremendously important to them."

At the same time, U.S. doctors say some men who do not have potency problems are using the drug to enhance their sexual performance. "There is no evidence that Viagra increases sex drive, or staying power, and at \$14.50 per tablet, cost is a factor," says Dr. Arthur Burnett, a urologist at Johns Hopkins Medical Center in Baltimore, whose patients will experiment with the drug. "You see it'll give [men] longer erections or an increased number of erections over a limited period."

While experts estimate that about three-million Canadians (including perhaps half of all men over 65) have potency problems, many doctors say the real number is unknown because so many males are unwilling to discuss [it] with their doctors. That may be changing. "Some patients who never told me they had a problem are talking about Viagra," says Toronto physician James Brooks. "Now that they think they won't have to mess around with pumps or needles, they're coming out of the closet."

For all its early promise, experts caution that Viagra's long-term effects are not yet known. Moreover, the drug will not be a panacea for every man who suffers from penile dysfunction—the medical term that covers a wide range of potency problems. Some men, including diabetics and those with diseases that cause serious neurological or tissue damage, will remain difficult to treat, says Kingston, Ont., urologist Jeremy Hinton, but for those who experience physical arousal but still have performance problems, says Hinton, "Viagra is going to be just great"—a judgment that Lorraine and other consumers of the drug wholeheartedly endorse.

MARY NICKOLS with **WILLIAM LOWTHER** in Roslyn



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A strategic truce

It is hard to imagine teachers caging up to government after months of warring rhetoric and face-led school changes across the country. But in Ontario and British Columbia last week there were two conspicuously public deals between the largest teachers' organizations and their respective governments. In British Columbia, teachers agreed to a no-increase contract for two years, in exchange for Garry Cleary's NDP government putting more money into classroom services. In Ontario, the leaders of the major teachers' unions allowed their nemesis—the Mike Harris government—off the hook for at least 18.5 billion in extra pension plan contributions over the next 30 years, accepting an earlier referenced scheme in return. Both agreements came after weeks of intensive negotiations and may, on the teachers' part at least, have had something to do with sowing their powder for another day. "Maybe these deals should be seen as clever pre-emptive moves," says Gerry Caputo, interim co-chairman of Ontario's Royal Commission on Learning. "Teachers know they have to persuade parents they stand for education and not for self-interest."

In British Columbia, the ten-year agreement means that teachers will forgo any wage increase until April, 2000, when they will be given a modest two-per-cent hike. In exchange, the government will pump an additional \$150 million into the school system to create 1,200 new teaching positions. Almost half these jobs will be for librarians, special education assistants, English-as-second-language instructors and counsellors—the specialist jobs that had been shunned in many districts. Class sizes for kindergarten to Grade 3 are to be reduced to a district-wide average of 30 over five years. The new funding caps a six-year spending spree of nearly \$6.5 billion dedicated to the province's elementary and secondary school systems. The money is directed at new hires, new computer networks and new schools to accommodate burgeoning enrollment.

But for the new contract in early May, there is only the prospect of classroom help—nothing in their pay packet. This is only the second contract since the shift to province-wide bargaining in 1984 when teachers earned a two-per-cent raise over three years. Already, there are signs that some of the larger unions—namely Vancouver and Surrey—might rebel as they did the last time. Peter

After months of warring rhetoric, teachers are in a mood to agree



Krueger: 'seduced' by the prospect of money for classrooms

Elli, president of the Surrey Teachers' Association, sees no significant benefit from gaining new specialty teachers or the new kindergarten class sizes. "Essentially," says Elli, "we've gone without a raise for another five years."

As the first of four major public-sector cost trusts currently on the table—costs that affect more than 200,000 workers—the teachers' deal is bound to set a precedent. The teachers' bargaining team voted 3 to 1 against the deal, but was overruled by an executive step. Kat Krueger, president of the

B.C. Teachers' Federation, "We didn't want to be the first of the public unions" to agree to the government's lack of no wage increases for two years. "They seduced us by putting money into other goals for the classrooms."

Meanwhile in Ontario, the pension deal promises out for experienced but perhaps burned-out teachers, and new opportunities for as many as 18,000 new teachers over the next four years. Teachers can retire with 66 per cent of their average salary plus a new \$800 annual supplement—as long as the sum of their age and working experience hits 85, down from the previous 90. Ontario Finance Minister Eric Eves will save money two ways: his salary costs will be smaller for younger teachers, and perhaps more importantly, he can cut \$500 million a year in supplementary payments to the teachers' pension plan. For the past three years, the Harris government has tried to make a political issue out of the plan, one of the riches in the country with assets of \$75 billion and high-profile real estate investments across the country, including the Toronto Maple Leafs' new arena. Back in 1992, in the middle of a recession, the plan was valued at a more modest \$35 billion when the former NDP government struck a deal with the teachers unions during the so-called social contract negotiations. The government acknowledged an unfunded liability in the plan and withheld its payments for three years with the promise that it would pay back at least \$500 million a year in supplementary contributions—over and above what it pays in matching contributions with the teachers—for 30 years.

Marshall Jarvis, president of the Ontario English Catholic Teachers' Association, acknowledges that the government's attacks were creating "a negative atmosphere" for the teachers. But he says the primary reason for accepting the deal was "protecting our younger teachers who are facing the possibility of large-scale layoffs." Another side benefit, he notes, is that

while the government demands its supplementary payments, the teachers get to hold on, without cutting, any future surpluses in the plan up to \$1.5 billion, which a burgeoning stock market is set to deliver. Asked whether the pension deal stands as a model for a smoother relationship between the Harris government and its entrenched teachers unions, Jarvis offered a blunt "Not likely." The unions' objective is still to defeat the Harris government at the polls.

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People



A love story's sad ending

First, she snatched the Beatle most girls adored. Then they went on to enjoy that rock 'n' roll romp, a long and, by all accounts, happy marriage. Gahary folk could be forgiven for envying Linda McCartney before she died of breast cancer on April 27. Born in 1941, a wealthy entertainment lawyer and his heiress wife in Scarsdale, N.Y., Linda Eastman was an accomplished photographer when she met *The Beatles* in 1967, at the time that Sgt. Pepper's *Lovely Rhythms Club* first appeared. Two years later, she married Paul McCartney, breaking the hearts of millions of besotted teenagers. In 1971—a year after *The Beatles* disbanded—the couple formed the group Wings. Meanwhile, the McCartneys had three children (Linda had a daughter, Heather, now a 35-year-old painter; from a previous marriage); Mary, 27, who works for a music publisher; Stella, 25, a designer for the Paris fashion house Chloé; and James, 19, a music student. In 1981, Linda started a vegetarian food manufacturing company, McVitie, and became an 880-officer-a-year entrepreneur.

There were a few low points. Linda had to endure the same treatment, though to a lesser extent, that was inflicted at Yoko Ono when she married John Lennon that she was responsible for breaking up the Fab Four. Beatles seemed an essentially charmed life until she was diagnosed with breast cancer in 1995. In March, tests



Paul and Linda in 1980 (left) one of the rare long and happy years. "It still energizes

residual that it had spread to her liver.

Still, the McCartneys were able to make the best of resilience. Two days before her death, Linda indulged in her lifelong passion for horseback riding, taking a final canter on her favorite Appaloosa on their ranch east of Tatton Ave. She died with her husband and children at her side. Her body was cremated, and the ashes immediately flown back to England, where they were scattered over their home in Sussex.

But that wasn't the story the family always reluctantly told. It was first reported that her death took place in Santa Barbara, Calif., but last week, the sheriff's department there launched an investigation into why no death certificate had been filed. There was even widespread speculation that her death was an suicide suicide. But the inquest was closed after a family spokesman, Geoff Baker, insisted that Linda had, in fact, died in Arizona, and the coroner was unable to file the McCartney's son's private time to grieve. Baker also flatly dismissed the speculation about assisted suicide as "rubbish." Paul seemed unconcerned about the controversy. A friend reported him declaiming, "It doesn't really matter what they say. The only thing I want is to get her back, and I can't have that."

BARBARA WICKENS



McCartney shortly before his death. Heather, Linda, Mary, Stella and Paul in 1974 (left—charmed)

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Art



Studio with Plaster Head (1925); the institution is on a roll thanks to a run of popular shows

Pablo wows Ottawa

The National Gallery's Picasso show is a huge hit

Pierre Theberge knows what hanging a few Picassos on the wall can mean for an art gallery. Two years ago, when he was director of the Montreal Museum of Fine Arts, he grabbed the phone to announce he learned that the Museum of Modern Art in New York City was searching for venues interested in showing works from the celebrated Pablo Picasso collection. Unfortunately, 365 Ottawa had, the National Gallery of Canada, had already leased him to the peach, convincing MoMA to make it the sole Canadian venue on the three-gallery tour. "It was a signal," says Theberge, who started his career at the National Gallery. And heeding the message, three months ago he took over as director of the National Gallery—just in time to open the doors for what stands to be one of Canada's most affecting art exhibitions.

This spring and summer offer an unprecedented line-up of blockbuster

shows. From June 10 to Sept. 30, the Art Gallery of Ontario in Toronto is hosting London's famed Courtauld collection of Impressionist and Postimpressionist art. Also in Toronto, the Royal Ontario Museum becomes temporary home from June 21 to Sept. 13 to a selection of art and other pieces from London's Victoria and Albert Museum. The Montreal Museum of Fine Arts will mount a show celebrating Swiss-born sculptor Alberto Giacometti from June 18 to Oct. 16. And the Musée du Québec in Quebec City is featuring 135 works by French master Auguste Rodin from June 4 to Sept. 6, most of them from the Musée Rodin in Paris.

But the National Gallery's Picasso: Masterworks from the Museum of Modern Art, which was unveiled on April 2, was the first of the big shows to be announced. And it opened big—165,000 visitors on the first day alone. Those numbers are exciting news for the government-funded

Maya in a Seaside Suit (1940)



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ART

galler, which spent \$1.2 million, including a \$600,000 donation from stockbroker Michael Walwyn Capital Inc., to mount the show. The exhibition, which encompasses more than 100 works, includes such hot properties as *The Chariot House*, *Boat Landing* and *Night Fishing* of Arthur Lisicki, the sort of spectacular event the gallery wanted to mark 10 years in its gleaming Ottawa Sallez-designed Ottawa pavilion. In the end, the optimism is almost palpable these days. The National Gallery is on a roll, inaugurated by a string of shows that manage to strike a chord with scholars and the public. "It's a project that merls," observes chief curator Colby Bailey, "we will consider anything."

The gallery, which opened with a wildly successful Degas exhibition in 1986, has always thought big. Convincing Canadians that it was their gallery has been another matter altogether. Many have never gotten over the \$1.76 million of taxpayers' money the gallery paid in 1986 for *Year of Fire*, a towering, red-and-blue-striped painting by Americans Barnett Newman that some critics considered to have the artistic merit of a fence post. The bitter *Year of Fire* controversy helped make last year's hit, a collection of 41 portraits by the French Impressionist giant Pierre-Auguste Renoir and assembled by Bailey, such a breakthrough. In all told, 340,000 people visited the Renoir, helping Degas, the gallery's top-drawing show of all time. When Renoir's French Impressionist *Agoutville* travelled to the Art Institute of Chicago, one of two other venues, nearly 300,000 came through the doors, making it the most popular art exhibit in the world last year.

Renoir, one of history's most recognizable masters, was an unrespectable big reason attendance at the Ottawa gallery nearly doubled last year—more than 775,000 from April, 1987, to March, 1988, compared with 362,000 the previous year. But it took money as well as a big-draw artist to achieve such numbers. Since 1983, admission to the National's permanent collection of Canadian art and world-renowned masters has been free. Brothers-must-pay \$10.00 p/r into special exhibits such as the Renoir and Picasso, and Thelberg is creating a year-round Web site, the institution's dozen or so travelling exhibitions and a user-marketing tool to put the gallery's name around.

Snagging the marquee artist of the 20th century certainly helps them in. The National has had a big-hand advantage when it comes to making a pitch for Picasso—MOA director Glenn Lowry, who spent five years as director of the Art Gallery of Ontario (1991 to 1995), was old friends with then-National Gallery director Stanley Thornton. At the same time, the startling success of the Renoir show wowed visitors to convincing Lowry to make Ottawa the

sole Canadian destination for its praised collection, which is also bound for Atlanta's High Museum and the Los Angeles County Museum of Art. "Repositioning is important in the art world," points Dr Thornton, now head of the Canada Council. "And everyone out there understands that the National Gallery knows how to do things right."

Repositioning, of course, is an ephemeral thing. Which is why the National's 20 curators are busily working ahead on future shows, which can take as long as four years

to put together. Next year, head curator Barry Smith's major retrospective of 19th-century French lithographer, painter and sculptor Henri Dequier. Upcoming are big exhibitions of 18th-century French painting and 19th-century German art. "We are always looking for the next great idea," Bailey declares. Even if it is something as old as the last impression of Renoir or the jolting regularity of Picasso.

JOHN DEMONT in Ottawa

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Theatre

Grabbing the limelight

The du Maurier festival is an exciting laboratory for new dramatic ideas

BY JOHN BEMBROSE

A Russian philosopher holds a conversation with a solitary cat in his in a beachball. Two shirt-sleeved teenagers get on a violent pub crawl through an Irish city. A pair of clowns drive an enormous steam engine towards the centre of the earth. These are images from this year's du Maurier World Stage Theatre Festival, a 25-week (April 16-May 31) extravaganza featuring the latest in international drama from Britain, Ireland, Latin America, Lithuania and Canada. During its 12-year history, the Toronto event has become an exciting laboratory for new dramatic ideas, as well as a launching pad for productions—such as Canadian stage phenomenon Robert Lepage's *Troisie-Pièce*—that went on to take the world by storm.

This year, Quebec City-based Lepage is back with *Gravity of Melancholy*, an ambitious look at American architectural genius Frank Lloyd Wright. The much-anticipated world premiere, which opened the festival, drew journalists from far away in Japan, and from such notable papers as *The New York Times* and *Le Monde* of Paris. But several other productions shouldered their way into the limelight as well. The Irish were particularly impressive this year, offering a brilliant new stagings of Samuel Beckett's classic *Waiting for Godot*, while actor Barry McGovern thrilled audiences with a tragicomic monologue based on Beckett's *Waiting for Godot*, renowned playwright David Hare dropped by to read from a new work, and a manic group of young string players collapsed themselves *The Gongriffes* drew sell-out crowds with their frenzied fiddling and shrapnel humor.

Meanwhile, Canada weighed in with a rousing performance by Alan Alda of Wallace Shawn's monologue *The Fever*, and a rousing cabaret performance of Bertolt Brecht songs highlighted by René Caron. There were several Canadian world premieres as well, including a new black comedy, *The End of Civilization*, from Toronto's George F. Walker, and an operas, *Elektra*, written and directed by filmmaker Atom Egoyan (*The Sweet Hereafter*), with music by Rodney Sharman.

The public has reacted enthusiastically to this cornucopia. Seven shows have sold out, and the rest have been achieving at least 75 per cent of capacity. Yet from this vantage the festival is looking ahead in an uncertain future. With the federal government planning



Shapley, Steketoe and McSweeney in Godot's melancholy openness and the laughter

to legislate against tobacco company sponsorship of cultural and sports events, du Maurier Ltd. has announced that it can no longer support the World Stage. Since it contributes about a third of the \$15-million budget (with box office adding up another third and various governments the rest), this could spell trouble. Currently, there is some talk of Ottawa's phasing in the sponsorship ban or, alternatively, of providing interim government support—but the issue is not yet very much unresolved. "As of now, there will be no World Stage in the year 2000," notes artistic director Dan Shapley. "This is the last remaining international theatre festival in North America, and if they put a bullet in this one, they are killing an event that enriches our community dramatically."

The benefits of World Stage to the theatregoing public may be obvious, but the festival's donors would also, Shapley argues, derive Canadian artists a chance to be creatively stimulated by work from abroad—as well as to showcase the talents for foreign

THEATRE

producer. "I'm thrilled to say that a Belgian producer was so knocked out by Clare Coulter that he signed her up to open at a festival there next year," Shapley says. "Without World Stage, this might never have happened."

If there is a single major disappointment at this year's festival, it is *Gravity of Miracles*. In the past, Le page has counted many successes at the World Stage, including *Todesco Platoo* (1990) and *Nivelot et Opium* (1994). But even his best shows are often uneven—the result of his relentless expertise station and conceptual daring. Two years ago, *Elmorse*, his one-man take on Shakespeare's *Hamlet*, was plagued by technical glitches, but no mention. Le page's least-often-stellar delivery of the poetry, *Gravity* is a far more ambitious show. To simulate its main setting in the Arizona desert (where Wright had a home), 11 tonnes of sand were spread out on the stage. The actors portraying Wright, his third wife, Olgivanna, and a host of other characters, including Wright's apprentice architects, at times, the scene switches to Asia and Europe, to dramatize the life of Russian philosopher Gurdjieff—former mentor of Olgivanna, and a repeated influence, through Le page, on Wright's designs.

Certainly *Gravity*—which is scheduled to travel to Expo '98 in Lisbon in August, and then to Salzburg, Austria, and Paris—contains flashes of Le page's trademark visual poetry at its best. In one moving scene, the actors cleverly recreate Wright's revolutionary designs for the Johnson Wax building by balancing plates on wine glasses—while a Bach sonata concert to echoes the architectural harmonies. And Gurdjieff's refreshingly precise dances are gracefully and logically performed. But *Gravity* fails to illuminate either Wright's or Gurdjieff's ideas, while the connection between the two remains mystifying. And the dialogue in the 1½ hour show—spoken by performers who are primarily dancers and not actors—is so huddled that it makes the afternoon soaps sound positively Shakespearean.

Perhaps sensing that he did not have a hit on his hands, Lepage, 41, began to emphasize its repertory during post-performance scrums. That *Gravity* was still very much in the formative stages. "The show still needs to be developed by its audience," he says and adds: "I've said 'it's still crooked and croaking its way.' Several conversations I had might have found a little more of its way during rehearsals, while a visitor from Quebec asked Lepage during one of the Festival's public interview sessions why he was not performing his show in his own province—which literally happens his work with glee. Lepage's response: "French audiences can be critical, but they're basically very supportive." In Quebec, I considered something of a measure: However, Lepage may be changing his tune. In Toronto, he recently remarked that he found the opening-night audience "a bit stiff."

Linguistically, this year's festival is less international than usual, with 22 of the 15 major productions coming from English-speaking

countries. Dublin's Gate Theatre has given *Waiting for Godot* a melodic choral openness that lingers long after the laughter fades. Becker's end of the world drama about two tramps, *Vladimir* (Barry McGovern) and *Estragon* (Johnny Murphy), reaches its high point with Alan Alda's *Poison*. In *Poison*—who is men with his servant, Lucy (Dona O'Kelly)—lashed like a dog on a long rope—Becker has distilled the evils of class and excessive wealth. *Poison* has all the self-delusion, self-pity, cruelty and secret terror of someone who has part the law of power and money above all else. Stanford plays him with such precise incision that he conveys a kind of black hole on stage, sucking everyone's horrified attention towards him.

Another fresh offering, *Enola Gay's Pig*, makes the bleakness of Becker's world positively genteel. The low-fenced square of the we-must-be-having-a-ring while the two small red plastic chairs evince a tragic child's vision of life. And certainly the play is no teenage drivel. Pig (Gillian Murphy) and Bird (Karen Walsh), seem lost in a depressive narcissism. Theirs is *Drama* represented one kind of alienated, self-destructive youth; these two have travelled much, much farther down the same road. On a ragtag bus in Cork City, they enter a car-free zone of violence, loyal only to each other, and speaking a private language that at times is impossible to decipher; they viciously attack one another—until they respell their reward in kind.

In one sense, this highly original production is a warning shot about the state of alienated youth. Yet the brilliant and often very funny performances by its two young actors also suggests a more optimistic conclusion: that a new generation of young people is reinventing the explosive possibilities of theatre.

A similar point was made by Hare, the British author of such plays as *Play* and *Pronto*, during a public interview with CBC journalist Eleanor Whetzel. Enthralling the audience with his wit and thoughtful anecdotes, Hare recalled his early days in British alternative theatre of the Seventies, when he and his friends toured the country in a van, putting on "short, easy, violent little plays to drama" as Great Britain's decline—and to have through the nihilism of old-fashioned, aesthetic-oriented theatre."

Old-fashioned, aesthetic-oriented theatre is exactly what Lepage's Little Theatre of Virtuous Love in *Manassas* by the Russian author Mikhalk Lermontov. As directed by Rima Tigran, this tale of sexual jealousy plays like a museum piece in which a florid, 19th-century-style of acting and production has been lovingly preserved. Yet for all its poetic attractions, this production is fundamentally lifeless. Much more effective was *Journal to the Chief of the Forest*, based on James Joyce's classic novel and staged by a company called Le Toque, from Chile. Two actors share the stage with a full-scale model of a steam engine. In the course of their diatribe in the earth's core, this enormous prop becomes a laboratory, a carriage and a volcano—everything, in fact, but a steam engine. The whole usually witty performance demonstrates a quality shared by all the best theatre at the World Stage: an ability to stir the imagination in ways that the literal images on television and the movies rarely do. □

Despite its success, the event is endangered



Re Gogmagog: Annealed Riddling, stephick immer

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Hoops, high notes

Spike Lee and Woody Allen pursue their dreams

BY BRIAN D. JOHNSON

HE GOT GAME
Directed by Spike Lee

For many young African Americans, basketball has come to represent the dream ticket out of the ghetto. But to get from the raptorial jangle of the projects to the polished hardwood of the NBA, athletes have to jump through a lit



Washington: Heavily faded, seen alone and lyrical in the beauty of the game

kinds of hoops that have nothing to do with the game. As the 1995 scandal surrounding Toronto Raptors Marcus Camby's uncle, it is not unusual for sports agents to lure hot prospects into signing with cash, women, jewelry and cars. And that unromantic scenario is the backdrop for *He Got Game*, the fictional story of a young athlete trying to do the right thing in the face of extramarital temptation.

Writer-director Spike Lee—who had his own teenage dream of playing in the NBA—has poised a lifelike parable for the game into a movie that stands as his strongest, most definitive work since *Malcolm X* (1992). Denzel Washington stars as Jake Shattoverth, a convict who is granted temporary parole with the promise of a commuted sentence—if he can convince his son, America's top high school basketball star, to sign with the wise governor's alma mater.

Once you get over the unlikely premise, the story has compelling power—as a heart-felt father-son drama, a graphic expose of corruption in basketball, and a hymn to the beauty of the game. By casting Woody Allen as Jake's son, Leon, Lee has achieved yet another deftly in the basketball scenes. Luckily, Allen also turns out to be an impressive actor. Washed up, meagrely, sculps up his gentle smile to deliver a riveting performance as a father with a mean streak. And playing a brother rejected by Jake from an abusive

past, Mills Jarrowch (Oscar Pistorius) delivers a predictable role as the working girl next door.

Like a lot of Spike Lee movies, *He Got Game* feels too long and too slow. Hardknock characters still tend to be manipulative, castrating or malleable by the hour. And sometimes Lee lets his directorial viewpoint with the subtlety of Oliver Stone. But for once he refrains from outright preaching. Instead he uses bold storytelling and raw

letra, as he might say to a chirlie, in that one scene that whole embarrassing business begins. Woody just hasn't been himself until now.

WILD MAN BLUES is the best Woody Allen movie in ages—a funny, candid and odd affecting portrait of the artist as an aging auteur. You had to wonder what it would have been like had Barbara Kopple, whose documentaries include two Oscar-winning feature *American Dream, American Dream USA*, followed Allen with a concert tour as he has his New Orleans-style jazz band perform a whirlwind tour of 18 European cities in the spring of 1996. A devout Christian, Allen has been playing weekly gigs with his group in Manhattan for 27 years, but this was its first tour. It is curious to watch Allen meeting every onstage, his eyes closed in concentration. Though so intense, he is a wonderful performer, leading a listener like almost everything he plays. More popular in Europe than in North America, Allen is also loved by fans and popular in one city after another, and it is curious to watch the notorious disastrous director as he struggles to cope.

The real fun, however, is in the scenes of Allen with Previtt. Kopple shows them getting lost in a giddy state, swimming and waddling in a private indoor pool, bickering together in a white hotel bathrobe. Allen, who is more comfortable with the cameras, gives an engaging “sex performance.” Shoving them around him with steady streams of sweatshirt Previtt is self-annexing, crass between a human queen and a rejected child, a she complains about a vacation Spanish catchphrase from movie service, or rigs himself Allen for hanging about playing in the crowd.

Remember, the teller: “a certain percentage of people are coming to see you because you’re in the movies—they like to see you digging up and down. We also learn that Previtt friend Alice Astorino “beyond tobacco,” liked Monastero the best, and has never seen *Auntie Mame*. Alice suggests she watch it “with me if you teenage twits friends.”

His relationship with Previtt remains puzzle while she tries to mother him. He plays the indulgent dad. Neither makes convincing odds. But then, in a final, bittersweet scene of Allen back home with his elderly parents, it seems even they don’t trust him as a grown-up. “You did a lot of good things,” says his mother. “But you never pursued them.” □



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Government wimps

THE CULT OF IMPOTENCE

By Linda McQuaig
(Viking, 213 pages, \$32)

So it has come to this. The left, which once got its inspiration from fearless union organizers and fiery socialist orators, is reduced to cowering second string cabinet ministers, little-known economists and anonymous bureaucrats. At least, these are the saints of Linda McQuaig's *The Cult of Impotence*, a book that turns the story of the Liberal government's elimination of the federal deficit into a tragic tale of elite姑息 (theirs at the expense of ours). McQuaig's cast of unlikely heroes fights to save social programs and create jobs. They lose. The winners, by her account, are bond speculators, central bank governors and other deficit hawks and their featherbedding corner offices.

An author asks why the corporate agenda rules

Initially repelled by Finance Minister Paul Martin, largely ignored, Peters others before the 1993 election, McQuaig last shows him lurking alone at a bistro near his downtown Toronto condo—a shamed figure, but with his principles intact.

Peters shares with McQuaig's other enthusiasts—including a Nobel Prize-winning economist who calls for a ten-year interruption of currency flows, and a Wall Street analyst who suggests Canada's deficit is not so bad after all—an appealing and independent of mind. They expose the economic orthodoxy that has led these governments, including the present one in Ottawa, to trim in spending and restrain inflation. The "myth" in McQuaig's title refers to the prevailing view that governments do not do anything else for fear of interfering with the wealth of financial markets. "Politics from the 'populist' agenda, such as full employment and generous social programs are dismissed as out-of-date, impractical, no longer possible," she explains. "Governments are seen as incapable to deliver them."

McQuaig argues that politicians have greatly overestimated the dangers of defying global markets. Yet she does allow that there would be a downside. In a key passage, McQuaig has Pierre Fortin, a Montreal economist she admires, explain what is at stake. Fortin admits that international investors are powerful, but cautions that "we can have the load of employment-creating economic policies we want—even if they

McQuaig: an us-against-them tale

are not exactly what the financial community wants—provided we accept the consequences of a free floating dollar."

A consequence worth weighing carefully. After all, fear of a full-blown currency crisis loosed large back when the Liberals were first deciding to make tackling the deficit their top priority. But the way McQuaig sees the world, the prospect of a plunging loonie mattered only to big box traders, who did not want to see the value of their Canadian holdings fall. She argues what a doctored currency would surely have meant is everyone else: Canadian dollars in savings accounts and pay envelopes would suddenly have bought less of everything imported, from California lettuce to Japanese whisky.

McQuaig is not so rash as to suggest that the Liberals should have ignored the \$43 billion deficit they inherited from the Tories. She adds: "Wouldn't a more moderate course—such as the one long urged by Doug Peters, Pierre Fortin or the economists who contribute each year to drawing up something called the Alternative Federal Budget—have achieved sufficient deficit reduction, without destroying much of the country's social infrastructure in the process?" That alternative course: boost spending, cut interest rates and accept the resulting higher inflation—all in a bid to stimulate the domestic economy and raise enough tax revenues to shrink the deficit.

Sounds like an old-fashioned prescription, but with a strangely admirable outcome. Readers will wonder why decades of deficit spending, punctuated by bouts of double-digit inflation, failed to do the trick in the past. McQuaig does not offer an answer. And then there is the way she poses her rhetorical question, claiming that the liberal approach to deficit fighting entailed "destroying much of the country's social infrastructure." True, cuts in federal transfers to the provinces have squeezed university and hospital budgets, and heralds to the unemployed were scaled back. But payments to the elderly and aboriginals have been maintained. A mixed record—and far game for criticism—but hardly one that amounted to shredding the social safety net.

Still, McQuaig is surely on to something. In an era when changes around the world seem to be driven largely by commerce, not democracy, thoughtful readers are hungry for ideas about how governments can again assert themselves. That is an aptitude well worth feeding. Too bad *The Cult of Impotence* comes so steadily with leftovers.

JOHN GEDDES



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Allan Fotheringham

Bermuda is the place for the marrying kind

There are 109 churches on Bermuda. Among only 65,000 people there is the African Methodist Episcopal. There is the Vernon Temple, with Pastor Howard H. Dillard (four-foot-tall, one-fourth assistant reverend). There is Bright Temple, Head Chapel (pastor, Rev. Leonard M. D. Stanwood), the Holy Trinity Church and 134 more.

Why this is so, when Bermuda's history is full of pirates and buccaneers, is unclear. All I know is that it could come back in another millennium. I used to want to be a pants salesman in Chester, N. S., where every house is painted yellow or blue or pink sparkling clean every year.

The thinking of changing my application I think, is my next life. I'm going to get into religion in Bermuda, a definite growth industry. Talk about the lowly, pernicious life in the mouse. Rev. Harvey Shepherd of the Church of Scotland lives in a mansion overlooking the harbor that would do proud by a Bay Street tycoon. God in Her Wisdom looks out very well for Her flock in Bermuda.

It sits out here, like a South Seas tropical isle transplanted to the Atlantic, some 570 miles off North Carolina. No menus, no sodas, no shows, no shows, no employment. No water. Perhaps that accounts for the 109 churches. Everyone drinks golf.

The speed limit is 20 m.p.h. There is reason for this. The winding and twisting roads—very narrow going back to house and buggy days—are lined with stone stone fences. Tourists are not allowed to rent cars, taxes the preferred alternative.

But you can rent a Vespa scooter, or a moped and—so could be expected—disappear away. They left 12 to 15 every year. So far in 1986 the count is five dead. The road surfaces are made of the coral from the offshore reefs. A dead friend of mine who has moved to Bermuda to make a fortune patching up all the church licensees who think at 55 they can master a moped and intend do a five-point into the coral chasm.

When Prince Charles, in his silly Gilbert and Sullivan costume, landed over Hong Kong to China last summer, any little Bermuda Queen Victoria's largest remaining colony on the map



of the world that used to be painted pink.

The first 60 settlers landed here in 1612, eight years before the Pilgrims landed at Plymouth Rock. The British used the bay area as the staging post for its fleet in the War of 1812, which sailed up Chesapeake Bay and burned down the White House.

In the lobby of the Card Beach and Tennis Club sits Alfonso, a yellow-and-green parrot. Gekkordialele, another. He says "Good day" every time you go by. Alfonso reads: "Please do not... Teach me bad language. Feed me. Train me. Poke me (dangerous). Save me with nice charter about Polly wanna cracker? Thank you. Be happy." Every single day, a child—

attracted by a "We paint" sign on the cage—sticks a finger in and at him. Each morning, there is a scavenger at the bottom of the cage to catch his droppings. It is the previous day's *New York Times* That's class.

Eugene O'Neill, the famed and troubled playwright who was the first American to win the Nobel Prize for literature, owned a house here for 27 years and used to run naked through the Card Beach Club, a hubcap behind his ear, reciting his own poetry. His professor son was 40 out in his bathtub and commented wistfully by slitting his wrists.

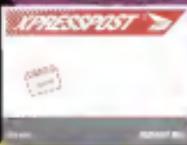
Charlie Chaplin, then at his 50s, ran off with 17-year-old debutante Odile O'Neill, creating a scandal that precipitated his exile to Switzerland. Noel Coward bought the O'Neill house named Sotheby and installed two grand pianos. There are 390 wooden ships, from the days of sail, on these coral reefs. Admiral Nelson, when he ended Napoleon's invasion by sinking the French fleet at Trafalgar in 1805, expected in the effort as the victory in London—a Bermuda ship, the *Pickle*.

Bermuda boasts that it has more golf courses per square mile than anywhere in the world—something that does not deter me since golf is my considered opinion in the only sport where middle-aged, middle-class men get to dress up like jocks.

Sometime, called William Shropshire, secretary-elect for Yugoslavia, wrote that Bermuda was "a place so terrible to live that everybody on them—such a temper, pretenders and other lewd objects are seen and heard about those islands that they are called The Devil's Islands. Feared and avoided by all sea travellers above any place in the world."

When there was a major disaster offshore involving British ships in 1808, one William Shakespeare used the testimony of the surviving sailors to create *The Tempest*, written in 1611. To this day, the Bermuda motto is "Qui Transtulit Sustinet."—Whether the Fates Carry Us. It carries us all. For my No. 2 son as a wedding gift, I sent him and his lovely bride to the Card Beach and Tennis Club on Bermuda's pink sands. If I were ever to marry, I think that is where I would like to go.

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